

# Nation's Business

A MAGAZINE FOR BUSINESSMEN

OCTOBER 1954



▲ Jet trainers over Colorado site of U.S. Air Force Academy

School for jet age leaders **PAGE 32**

How to buy a business **PAGE 82**

Big hole in our military power **PAGE 25**

Four steps to save your city **PAGE 36**



## What every businessman should know about time—and telegrams

LOOK around you at the men you know who get the most **L** out of a working day. Chances are you'll find them using telegrams—for everything from scheduling an appointment to closing a deal, from making a hotel reservation to submitting a bid.

Time is a one-way commodity—and a precious one. You can't buy it or rent it or manufacture it. All you can do is *use* it, as productively as possible.

Helping you do that is Western Union's job. Speed is a

telegram's stock in trade—a transit speed measured in minutes, speed in getting *attention*, speed in getting *action*, speed in getting *results*.

*when it means business  
it's wise to wire*

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# Goodyear's Road-Proved Hi-Miler Rib

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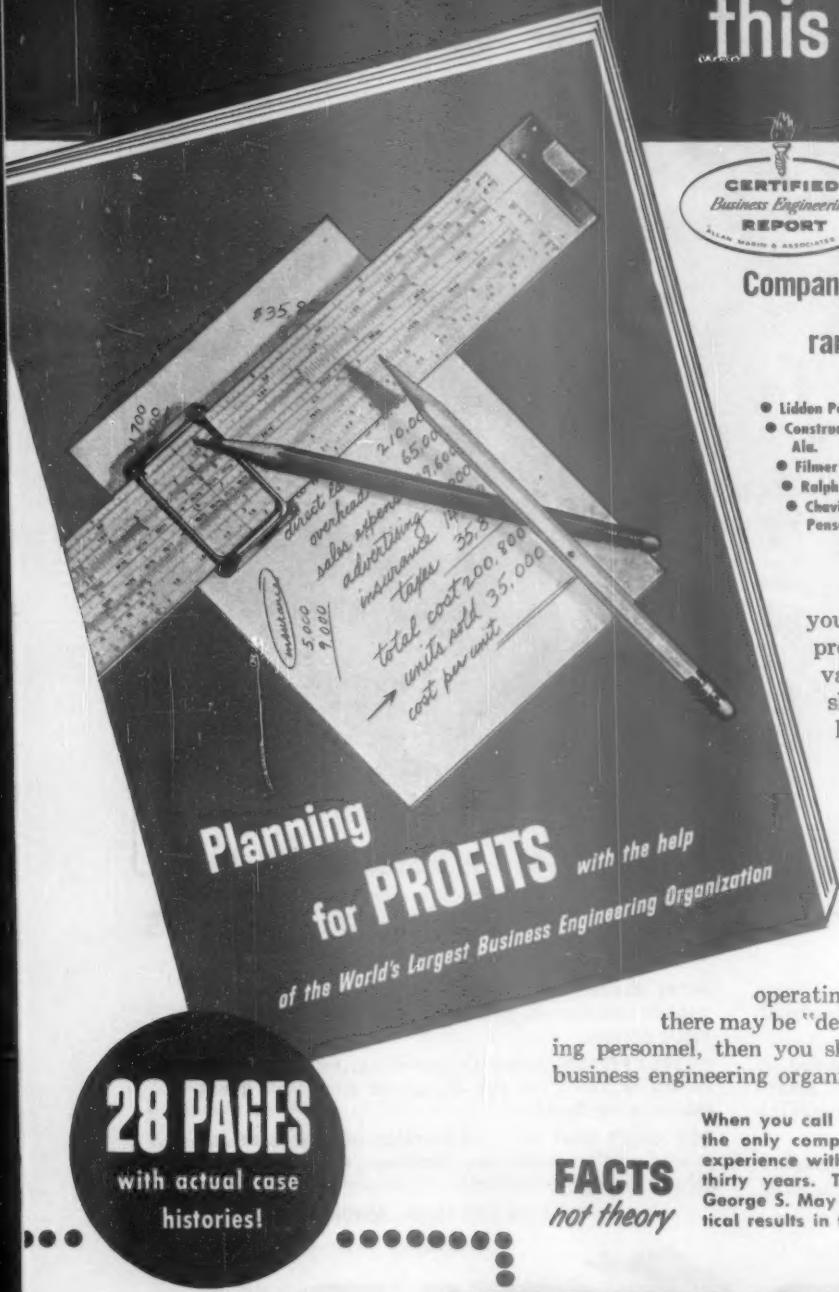
**YOU CAN'T BEAT** this combination of low price and proved performance *now waiting for you* at your helpful Goodyear Dealer's.

Goodyear, Truck Tire Dept., Akron 16, Ohio

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- Rideout Hospital—Marysville, Calif.
- Modern Maid Food Products, Inc.—Jamaica, N. Y.
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By \_\_\_\_\_

# Nation's Business

OCTOBER 1954 VOL. 42 NO. 10

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### **ABOUT THIS ISSUE**

IF YOU think that a photographer's life is simple, consider the obstacles which CHARLES E. ROTKIN surmounted to bring back the aerial cover view of two Air Force jet trainers flying over the site of the new Air Force Academy in Colorado.

Mr. Rotkin's assignment produced a problem: how to make airborne jets appear to be standing still.

The shot could not be made from a third jet. These planes do not have elbow room for a photographer using a bulky professional aerial camera. This meant that Mr. Rotkin would have to shoot from a roomier but slower-moving airplane.

But how to slow down the jets so that they would not come out a blurred image on the film?

Solution: Mr. Rotkin went aloft in a C-47 transport supplied by officials of Peterson Air Force Base in Colorado Springs. While the 47's pilot gunned his ship to full speed the pilots of two Peterson T-33s cut their engines to near-stalling speed and swooped alongside the transport from the rear. After this maneuver was repeated several times Mr. Rotkin got the picture he wanted.

Meanwhile, another cameraman, First Lt. Robert A. Hatch, managing editor of *Air Training Magazine*,



an Air Force publication, riding in one of the jet trainers, used a small camera to take a picture of Mr. Rotkin in action (see above).

You will notice that a door of the 47 was removed to allow Mr. Rotkin freedom of movement while operating his equipment. Straps and a metal brace held him in. Solicitous crewmen also gave him a parachute but he disdained putting it on and used it instead as a seat cushion.

The grandeur of the countryside surrounding the site of the Air Force Academy is apparent in our cover picture. The reddish-brown irregular ridge in the lower part of the photo is part of the "Garden of the Gods," a famous group of rock formations. The picture ties in with ANTHONY H. LEVIERO's story on our new West Point of the Air. For his article see page 32.



**CLEO F. CRAIG**  
President of the American Telephone and Telegraph Company. Started as an equipment man in St. Louis in 1913 at \$15 a week.



**ALLERTON F. BROOKS**  
President of The Southern New England Telephone Co. Started as engineer's assistant in New Haven in 1911 at \$12 a week.



**EDWIN M. CLARK**  
President of the Southwestern Bell Telephone Company. Started as an installer in New York in 1923 at \$30 a week.



**SANFORD B. COUSINS**  
President of the Northwestern Bell Telephone Co. Started as a traffic student in New York in 1920 at \$30 a week.



**WILFRED D. GILLEN**  
President of The Bell Telephone Co. of Pennsylvania. Started as a clerk in Philadelphia in 1923 at \$27 a week.



**JOHN A. GREENE**  
President of The Ohio Bell Telephone Company. Started as a contract clerk in Chicago in 1914 at \$50 a month.



**HARRY S. HANNA**  
President of The Indiana Bell Telephone Company. Started as an engineer in Cleveland in 1922 at \$57 a week.



**JOE E. HARRELL**  
President of the New England Telephone and Telegraph Co. Started as a clerk in Atlanta in 1913 at \$14 a week.



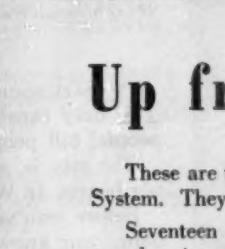
**WILLIAM A. HUGHES**  
President of the New Jersey Bell Telephone Co. Started as a groundman in Kansas City, Mo., in 1917 at \$60 a month.



**WILLIAM V. KAHLER**  
President of the Illinois Bell Telephone Co. Started as an engineering assistant in New York in 1922 at \$25 a week.



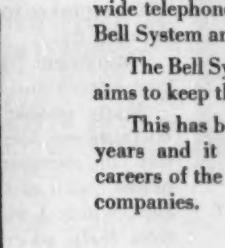
**FREDERICK R. KAPPEL**  
President of the Western Electric Company. Started as a groundman in Minneapolis in 1924 at \$25 a week.



**WALTER K. KOCH**  
President of Mountain States Telephone & Telegraph Co. Started as traffic student in Denver in 1923 at \$100 a month.



**DR. MERVIN J. KELLY**  
President of the Bell Telephone Laboratories. Started as a physicist in New York in 1918 at \$40 a week.



BELL TELEPHONE SYSTEM



**MARK R. SULLIVAN**  
President of The Pacific Telephone and Telegraph Company. Started as a clerk in San Francisco in 1912 at \$50 a month.



**FRED J. TURNER**  
President of the Southern Bell Telephone and Telegraph Co. Started as a clerk in Atlanta in 1907 at \$18 a month.



**CHARLES E. WAMPLER**  
President of the Wisconsin Telephone Company. Started as a traffic student in Chicago in 1929 at \$130 a month.



**JAMES B. MORRISON**  
President of Chesapeake & Potomac Telephone Co. Started as engineering assistant in Washington in 1925 at \$27 a week.



**CLIFTON W. PHALEN**  
President of the Michigan Bell Telephone Company. Started as a lineman in Syracuse in 1928 at \$30 a week.

# Wausau Story

By WALTER O'MEARA

author of "The Grand Portage"—his new novel, out in October, is "The Spanish Bride."



"Most everyone heads for the duck blinds . . .". Mr. O'Meara at Wausau's Wisconsin River shores with Stan Schaller of Shepherd and Schaller Sporting Goods Store.

## Employers Mutuals of Wausau are "good people to do business with"

As Mr. O'Meara discovered—there is such a thing as a *Wausau personality*. It's a certain good way of doing business. You'll find it in each of our 89 offices throughout the country. You will find progressive insurance thinking, too.

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cident insurance. But Employers Mutuals now provides "Junior" Group Plans with the same hospital and surgery benefits for smaller groups of 5 to 24 employees. Phone our local office or write to Wausau, Wisconsin.

Employers Mutuals handles all lines of casualty and fire insurance, and specializes in **workmen's compensation**.

**What is there about Wausau, Wisconsin, that makes it the ideal home for one of the world's most important insurance companies?**

**Employers Mutuals invited a distinguished novelist to visit Wausau to find out.**



"Wausau works hard, has accomplished much." Mr. O'Meara at Wausau's Curtis Companies, Inc.

**A**t heart, someone has said, there are only three kinds of people: sea people, hill people and woods people.

The pity is, so few of us can follow our hearts. In Wausau, they do.

Before you've been there half an hour, you know which kind of folks they are in Wausau. They're "woods people"—no doubt about it! The Outdoors is big and very near here, and Wausau takes to the woods at the drop of a dry fly.

Enjoyment of the outdoors isn't just a week-end thing here in Wausau.

Many people commute from their cottages on the near-by lakes every day in summer. Many plants and offices (such as the Curtis Companies, Inc., which I visited) open early and close early, so everyone can give daily attention to trout pools, garden plots and golf courses.

Don't think that Wausau folks do nothing but enjoy their natural blessings. Wausau works hard, has accomplished much. Yet its people are relaxed and friendly. They've got time—and take it—to share their good life with others.

It's part of their nature—of the *Wausau personality*. It's what makes them such good people to do business with!

## Employers Mutuals of Wausau



Rib Mountain

## ► WATCH FOR POSSIBILITY of boom-on-boom.

Administration drops plan for further cuts in armed services personnel.

How does that--or how would increase in personnel--affect business?

During World War II each man in uniform was supported by three in defense jobs.

That's Defense Department "reasonable estimate."

Which means upping of armed forces by 100,000 would require 300,000 more in supporting jobs.

Unemployment would disappear quickly with comparatively small change in total defense program.

Prices would push higher, too, with defense materials competing with non-defense demand.

Note: Warmer war--anywhere--would create strong upward pressure on nearly all business.

## ► HERE ARE problems Eighty-fourth Congress will face no matter which party wins in November:

1. Military manpower.
2. Rewriting of Taft-Hartley.
3. Effort to cut personal income taxes.
4. Free foreign trade legislation.
5. Budget and government spending.
6. Farm price supports.

The outlook: Eighty-fourth Congress probably will follow path marked by Eighty-third, but with sharper eye on presidential year—1956.

## ► STEEL PRODUCTION'S due to swing up this month.

Two factors behind the push:

Consumption runs ahead of production (latter at 67 per cent of capacity) for first time since last spring.

New orders for durable goods total \$23,000,000,000, up \$400,000,000 from year ago.

Big props to added demand:

Auto manufacturers, currently scheduling '55 model changeovers; appliance makers, facing seasonal spurt in sales.

## ► BANKS HUSTLE to finance consumer instalment credit.

That's back of the continuing dip shown in interest rates.

But--if you're looking for a loan--it may pay you to shop around.

Washington businessman did, talked to three banks. They quoted 5%, 5 and 4 per cent on same loan.

Note: Of total \$21,246,000,000 in-stalment credit outstanding, commercial banks hold more than a third.

But their loans are down \$440,000,000 from year ago.

## ► LOOKING FOR new ideas to increase your business?

This month Commerce Department will step up drive to aid business on three fronts:

1. 300,000 industrial research reports will be published by Office of Technical Services.

Reports are result of \$10,000,000,000 spent by government on research in past four years, are available to all businessmen.

2. National Inventors Council readies list of technical problems affecting national defense.

Council's thought: Solutions to these problems can be expanded into civilian uses.

3. Census Bureau adds new survey--what homeowners spend to fix up their homes.

Survey covering 100 cities will be issued monthly.

Write to Commerce Department, Washington 25, D. C., for details.

## ► PROBE of "middleman profits" loses steam.

Why?

Wholesale prices of processed foods are lower now than in '48.

In '48, index stood at 106.1; today, 104.1.

Dip doesn't bolster "profiteering" charge pinned by some politicos on middleman.

## ► DON'T LOOK for much price-cutting for rest of year.

Bargains will show up here and there --especially in sluggish durable goods area.

But these bargains stem from overstock at retail, wholesale or manufacturing level--or at all three

together. And stocks are being whittled at all levels from last year's high.

Note, too: Wholesale prices (1947-49 equals 100) show over-all steadiness: They're at 109.8 for all commodities, up 0.3 from mid-'53.

Figure includes raw materials manufacturer buys.

Watch for build-up of buying inducements.

These include easier credit, bigger trade-in allowances, premiums, more tie-in sales.

They're fringe benefits for Christmas shopper.

► DYNAMITE MARKET booms.

Sales this year are expected to top 800,000,000 pounds, Bureau of Mines says.

That's 66 per cent above World War II level, more than double 1935-39 average.

Heavy construction--superhighways, dams, bridges, power plants--pushes sales curve up to record high.

Meanwhile, there's drop in dynamite use for coal mining. Coal accounted for 50 per cent of sales decade ago, is less than 30 per cent now.

► ADMINISTRATION PUSHES non-discrimination rules.

Presidential directive--effective by December--requires clause in government contracts barring discrimination in hiring, training, promotion, layoffs or rates of pay.

Compliance with old order (which mainly stressed hiring, rates of pay) has been good:

In '53, millions of employes worked under 6,000,000 government contracts worth \$40,000,000,000.

Instances of alleged discrimination: 90.

► AS DEBT GROWS--so grows interest.

That's true for you, federal government as well.

Lifting of U.S. debt limit raises fiscal '55 interest to estimated \$6,900,000,000.

That's \$2,500,000,000 more than federal expenditures for veterans.

It's \$4,500,000,000 more than net estimated spending for agriculture.

It also exceeds combined spending

estimates for foreign affairs, transportation and communication, welfare, natural resources, labor, education and research, finance, commerce and industry.

► LIFE INSURANCE firms pump new life into U.S. economy.

New capital available by end of year: about \$5,500,000,000. It comes from millions of policyholders through 800 insurance companies.

That's roughly 9 per cent of total gross private domestic investment, is sturdy prop to construction, business expansion.

Total assets of life insurance firms (\$80,981,000,000) make it largest private enterprise in world.

► RAILROADS STEP UP fight for more freight, passengers.

Here's why:

Revenue is down 35 per cent from year ago. Costs in same period show 8.6 per cent dip.

Of 125 Class I roads six list freight revenue increase; 11 earn more passenger revenue.

Seventeen have deficit as against 10 last year.

What are the roads doing?

Chopping fares, pooling freight, introducing piggy-back, new lightweight passenger trains.

► HERE'S PLUS and minus of home-building industry:

Housing starts, seasonally adjusted, head toward 1,000,000-plus year.

That will make '54 sixth 1,000,000-plus year in row.

Minus signs: Since '50, houses built outstrip new households by 125,000 a year.

Marriages this year--because of low birth rate in '30's--are expected to drop 5 per cent below '53.

Plus signs: Continued high income, broader distribution of wealth, need for larger homes by growing families, low interest, easier down payment, open-end mortgages.

Note: Construction men add obsolescence as big factor in coming years.

► NEW CRACKDOWN shapes up on domestic Reds.

## MANAGEMENT'S

# washington letter

That's top policy behind conference this month (Oct. 13-15) of 94 U.S. Attorneys who'll meet with Attorney General Brownell.

Full agenda's not worked out yet, but Justice Department spokesman says new anti-commie legislation heads list.

► **SMALL FIRMS** pay more, per capita, for worker's play.

That turns up in figures gathered by Associated Industries of Cleveland.

Group wanted to see how much money goes into recreation programs, found:

Average cost per employee in firms ranging from 100 to more than 1,000 workers is \$7.34 annually.

Companies spend from \$800 to \$55,500 a year.

Top outlay for big firm (more than 1,000 employes): \$11.56 per worker.

Tops for medium-size (499 to 1,000) company: \$12.91.

Tops for small (100 to 499) firm: \$14.29.

Check these findings against your own recreation budget.

► **LESS THAN** 8 per cent of unfair labor practice cases require NLRB decision.

Desire to cut workload--not "anti-labor" politics--prompts withdrawal of board from minor grievance cases.

Board still relies on field examiners; in '53, they closed 87 per cent of 5,800 cases.

Another 5 per cent were ended informally after hearings had started.

Only 464 cases went to decision by NLRB or trial examiners.

► **JOBLESS OLDSTERS** are growing economic problem.

Since 1900 U.S. population has doubled.

In same period, persons 65 or older have quadrupled (from about 4,000,000 to 16,000,000).

Oldsters--about 9 per cent of population--make up 4 per cent of labor force.

Survey of more than 3,400 help wanted ads shows 34 per cent list age requirements.

Of these, 97 per cent don't want men older than 45.

Economic problem: Longer life means

longer retirement, not longer work-life.

► **BIGGEST CHUNK** of city budget goes for education.

Figure's expected to approach \$1,000,000,000 this year.

That's 16.7 per cent of city expenditures (\$5,650,000,000 in '53).

Second biggest item, says Census Bureau, goes for highway facilities; police protection is third, sanitation fourth.

Where does the money come from?

Property taxes account for \$2,760,-000,000.

Sales, use, some excises produce another \$624,000,000; license taxes yield \$378,000,000.

Difference between collections (\$3,-770,000,000) and expenditures (\$5,650,-000,000) is made up from borrowing, bond issues.

Result: Municipal debt's now at all-time high of \$11,300,000,000.

Study covers 481 cities with more than 25,000 population.

► **BRIEFS:** "How New Tax Code Affects You," U.S. Chamber Finance Department's guide to revised tax law, is in second printing of 20,000; single copies are free...Sales of dog foods are expected to pass the \$200,000,000 mark this year; Americans feed 23,000,000 of the pets annually...Federal revenue from sales of distilled spirits amounts to \$20,963,938,127 since 1934; nearly \$2,000,000,000 will be added to Treasury coffers this year...Population of voting age this November will pass 100,000,000 for first time...Jet Age note: Army owns 145 horses, 262 mules; two mules are mascots, 14 horses are used for burial ceremonies...E and H Bond sales so far this year exceed \$3,000,000,000--highest for nine-month period since 1945...Beef bargain? Nearly 40,000,000 head of cattle will be marketed this year--8 per cent above last...35 states have no regulation of union or employer administered employee benefit programs...Eight times as many research dollars are spent to improve manufacturing as to improve distribution...Prosperity note: Tuxedo sales are up 19 per cent from last year.



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## Letters TO THE EDITOR

• •

### Ambassador applauds

I have just read with a great deal of interest Mr. Dan Kurzman's article on Southeast Asia [Sept. issue]. I should like to offer my sincere congratulations for the fine objective presentation which, at least insofar as Cambodia is concerned, represents an accurate, factual account of the present situation.

I am sure that the article will do a great deal toward giving your readers a better understanding and clearer picture of the problems facing my country.

NONG KIMNY  
*Ambassador of Cambodia*

### Keynote in Graham message

The article in the September issue by Billy Graham, "God Before Gold," merits special comment. Together with several friends in business who enjoy analysis of problems, I have felt for some time that the major economic error of the day is the disregard of God. I believe, too, that this is the basis of social and other cosmic errors.

Mr. Graham expresses these ideas extremely well. Congratulations to you for printing this article which sounds the keynote of today if we can only see it.

DR. R. M. BAILEY  
*Bailey Veterinary Hospital  
Lima, Ohio*

I just finished reading Billy Graham's article "God Before Gold," and I want to compliment you on publishing such an article in your magazine. Wouldn't it be wonderful if the people of our nation would all let God participate in their business life? I fear that we forget that God's wisdom excels our own.

MRS. MARVIN G. JANSMAN  
*Fulda, Minn.*

### Traffic game can be bought

In your August issue you devote considerable space to the "Let's Play Safe" set designed by Mr. Irvin Shapiro, of Alexandria, Va. We manufacture and distribute this set for Mr. Shapiro . . . and we think that your readers should know that they can buy "Let's Play Safe" at toy, department and hobby stores.

RICHARD M. SIEGEL, *Adv. Mgr.  
X-Acto, Inc.  
Long Island City, N. Y.*

### Bueno, but we'll take ice cream

NATION'S BUSINESS dropped the gauntlet but Good Humor accepted the challenge. In the July issue there is an article to the effect that ". . . let the Good Humor man try to put hot chili

con carne on a stick." Under separate cover you will receive same. While it might never be a profitable and popular item, we do wish to establish versatility.

DAVID J. MAHONEY, *Pres.  
David J. Mahoney, Inc.  
New York, N. Y.*

### Transfer payments explained

In your September issue, Management's Washington Letter, page 8, last item, "transfer payments" is incorrect both in letter and spirit. Transfer payments are not part of national income. National income includes only rent, interest, wages and profits earned by the factors of production.

Transfer payments are added to the national income figure in deriving the personal income figure. This is as it should be, because transfer payments are just as spendable by the recipients as any other type of income. Personal income and national income are two distinct figures, with several other differences besides transfer payments; and transfer payments are never, never included in national income.

GEORGE CLINE SMITH  
*F. W. Dodge Corporation  
New York, N. Y.*

### Big mantis and egg man

Our bank sponsors a vegetable garden contest each year, giving away \$100 in cash prizes, and we know how valuable the praying mantis is in a garden. Wonder if by chance you can furnish the address of Mr. Sidney A. Schwartz [mail order mantis egg producer reported on in August NB Notebook]. We would like to buy some of his eggs to give our contestants.

JNO. M. JACKSON, *Vice Pres.  
First State Bank  
Brownsville, Tenn.*

[NOTE: Box 601, Riverhead, Long Island, New York.]

### Impelled to do something

There are times when I wish that the articles published in NATION'S BUSINESS were of lesser interest so that the reader might enjoy looking through it but could lay it down without feeling impelled to do something further about it.

L. W. NEWCOMER  
*Lancaster, Pa.*

### Oldest wooden Indian

I have a news clip mentioning a wooden Indian which is dated 1671 and is owned by a tobacconist of Hanover, N. H. This seems 100 years older than the Demuth sign mentioned in your August article ". . . older than the wooden Indian." We have a wooden

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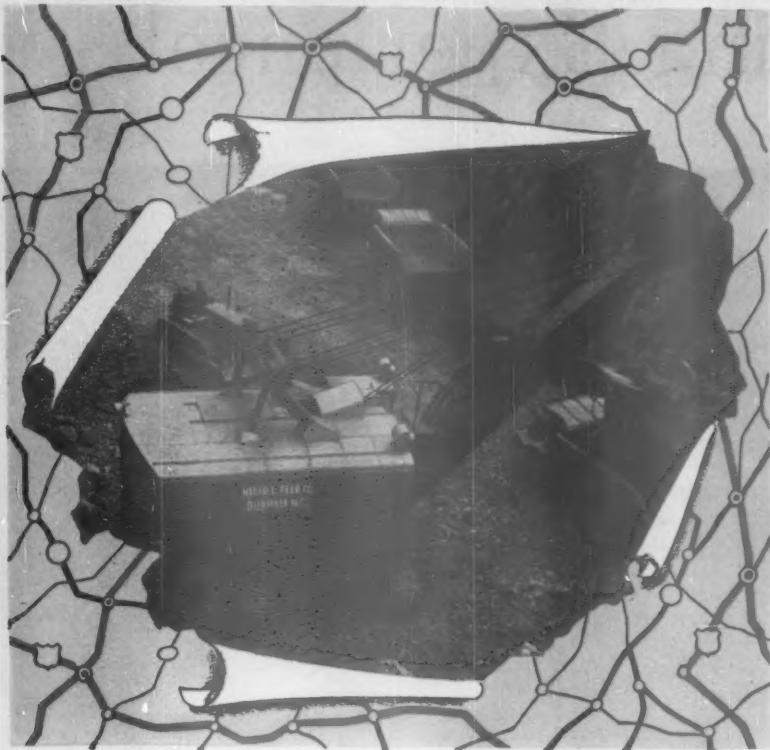
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## Breaking through the web of traffic congestion

The highway traffic load, which has grown tremendously in the last twenty years, has far outdistanced new road construction. With 56 million motor vehicles now jamming U. S. highways, the nation faces a critical traffic problem.

To help solve this problem, 5,850 new turnpike miles are projected or under construction, and an estimated 50 billion dollars will be put into road building and improvement during the next ten years.

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tee performance of construction contracts, U. S. F. & G. is helping make many miles of these new highways possible. In addition, contractors throughout the United States and Canada rely on U. S. F. & G. for essential insurance coverage on road building operations and equipment.

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Indian in our business; over 60 years with us, and more than six feet tall. Dr. Pendergast of Terre Haute, Ind., says he is a good replica of Chief Penokee, the last chief of the extinct tribe of Erie Indians who settled in southern Ohio and who were credited with being the first people to cultivate tobacco. Previously, tobacco grew wild, like weeds.

HARRY H. GOBEL  
P. R. Gobel, Inc.  
Zaneville, Ohio

### River got past our door

In the article "Turnaround" in your August issue Vernon Pizer mentions that the S.S. *United States* "threaded her way through the river traffic" on entering the port, and on departure she "straddled the river" escorted by tugs.

There is no river at entrance of Southampton Port. Ships go directly from the English Channel to whatever dock is their official tie-up.

JAMES CURLEY  
Angola, N. Y.

### Traffic interests our neighbors

We are publishers of a Latin American magazine called *Servicios Publicos* which deals with all aspects of government administration. Mr. Evans' article on traffic would be of great interest to our readers and we ask your permission to publish it in our magazine.

NORMAN S. GREEN  
New York

### It's a good feeling

Thank you for the "feeling of being in on things."

GLENN R. CLEMENS  
Kansas City, Mo.

### Children need religion

I am the mother of a child in elementary school. I am very interested in my child because I love him very much. I want to see him grow up in a religious world.

I would like to see religion taught in the public schools.

It is now an established truth that parents are responsible for juvenile delinquency. I have always felt like they were so this does not surprise me. I am very glad to see it brought to light in your article, "Religion in Industry."

MRS. RALPH HUGHES  
Nokomis, Fla.

### Can't afford to be wrong

I think Mr. Strook ["Market for One Billion Cans," August] should have consulted the head offices of soft drink companies to learn the results of surveys made by those who have the most to gain or lose by putting pop in cans. Hires Root Beer has much to lose if it is wrong in deciding that it will not use tin cans.

C. D. HUDSON  
National Wooden Box Assoc.  
Washington, D. C.

## How trucks brought a "hermit community" new life and raised its standard of living



Woodbury's pride, the Cannon County courthouse. Like 13 other Tennessee counties, Cannon County depends solely on truck transport

There are more than 25,000 former "hermit communities" in the United States—cities and towns 10 miles or more from the nearest fixed transportation. Woodbury, Tennessee, is a good example of the way the mobile trucking industry has given these communities a new lease on life, so they can share in American production as well as consumption.

Years ago Woodbury, Cannon County seat, had a population of 663. Today it has climbed past the 1200 mark. Explaining this growth, Mayor Marshall Duggin cites the benefits trucks have brought to his town:

"There's no such thing as an isolated community any more. Highways, automobiles and motor transport give any community the

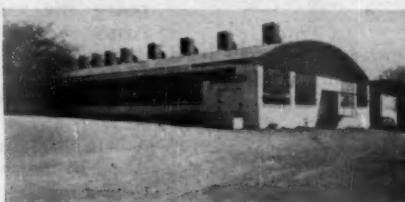
chance to grow. Woodbury has simply taken advantage of it. We've struck a balance between agriculture and industry. Two new industries, with a payroll of \$1,500,000, employ 800 to 900 people here. If it weren't for trucks, none of the industries would probably be located here. In fact, I don't see how we could exist at all without trucks. They bring in everything we have and haul out everything we grow and make."

Trucks are the only transportation agency that serves all America—including the 25,000 inland communities that used to be cut off from the main stream of American life!

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Mayor  
Marshall Duggin



Colonial Shirt Corporation is one of the new Woodbury industries made possible through truck service to Cannon County. It furnishes employment to



hundreds of people and contributes thousands of dollars to Woodbury's payroll. New Woodbury High School is further sign of growth and progress.



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## BY MY WAY

R.S. Duffus



### Who said flatfoot?

ONLY two of the 90 policemen of Wheeling, W. Va., when examined not long ago, were found to have flat feet. I wouldn't be surprised if the same were true elsewhere; and I think this proves that a lot of unkind things that are said about people aren't necessarily so.

### The new car

WE HAVE just got a new automobile. We don't yet know whether or not we are going to like it. Liking it has nothing at all to do with its performance—it comes of good stock and ought to take us where we want to go, if we steer it right. But has it a personality? Some cars have, others have not. It is the same with cats and dogs, and even people. The best car—and what I mean is the best individual car, not the best make of car—is one that has some little peculiarity that makes one love it. Some cars are haughty, others are democratic and informal. Well, we shall see. I shall await the first friendly squeak.

### Sweeping does no harm

WE SHALL soon be hearing of some party or candidate sweeping the country, or some part of it. I think this will be a good thing. Some parts of the country need sweeping.

### One every minute, still

I DON'T suppose any swindle, except the gold brick, which is merely a lead brick with a thin yellow plating, or the offer to sell the Brooklyn Bridge cheap on account nobody knows how valuable it really is, is better known to wise persons such as you and I than the ancient Spanish prisoner trick. The Spanish prisoner, in this shopworn legend, can't get at his enormous wealth—he is in jail. However, for a comparatively small sum, he can be ransomed or aided to escape and then—well,

watch his dust, as they used to say in or about the year 1909. For a few hundred dollars, so the man says, a person can win untold millions.

Well, it seems, according to a notice in the General Post Office in the City of New York, and no doubt in other cities, that people are still nibbling at this bait and still have to be warned. In short, they're still



being born, one every minute, as in the days of P. T. Barnum. It seems kind of old-fashioned—here is something that doesn't change, in spite of the H-bomb and zippers and plastics.

### It would be taped now

A GENTLEMAN named H. Allen Smith has done a book about how he tried to locate a historical phenomenon called the Rebel Yell, which is why General Lee almost won the war between the states. Mr. Smith didn't quite find out. If sound-recording devices had existed at the time of Gettysburg and Antietam this would not have happened. It is a sobering thought that any sound our own generation makes will be recorded forever. If we are tempted to yell let us yell well—as, it appears, the valiant soldiers of the Army of Northern Virginia usually did.

### Rhode Island's Reds

A CENTURY ago last summer there lived on a farm near Little Compton, R. I., an ingenious poultryman named William Tripp. On this farm Mr. Tripp developed a hen whose fame has gone round the world—the Rhode Island Red. This event was celebrated month before last at a big chicken barbecue. It seems to me that if I were a Rhode

Island Red I would not consider being barbecued much of a celebration. But it also seems to me that if all our Reds were of the Rhode Island variety and had feathers we could stop worrying about that particular problem.

### *Page Mark Twain*

SOMEHOW it did me good to learn that freight traffic on the Ohio River is growing, and is now almost three times what it was in 1929. I am thinking of withdrawing my application for a job as engineer on a steam locomotive and becoming an Ohio River pilot. If I made good maybe they'd let me operate on the Mississippi, too.

### *Anyhow, parking was no problem*

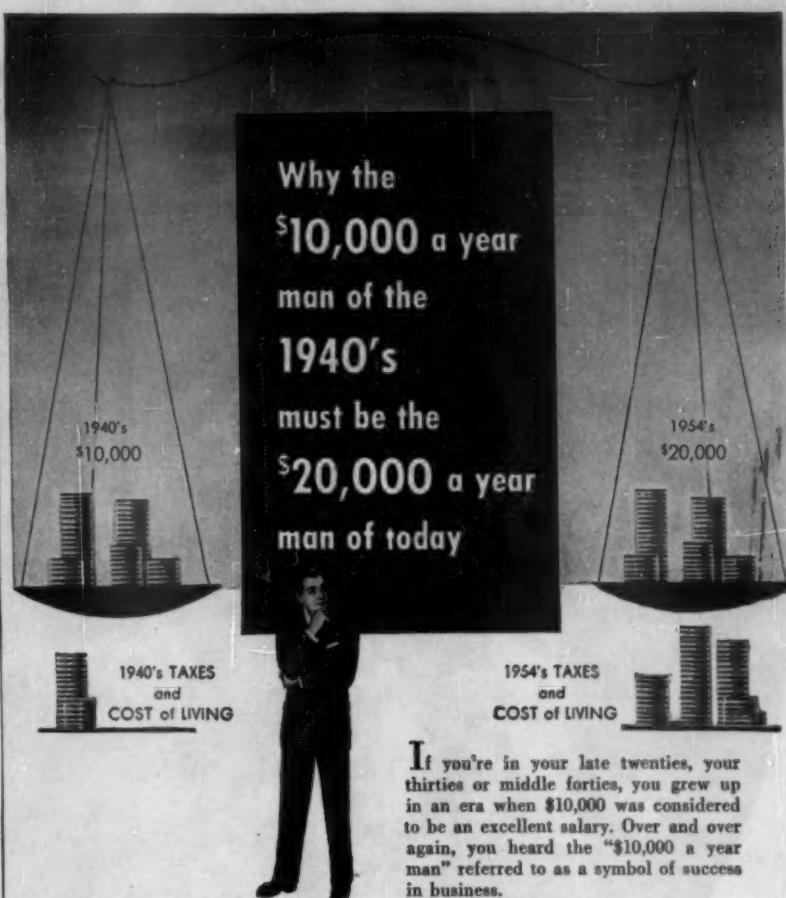
BRITISH archaeologists have been digging up a Roman town and fort near Caerleon in England. The fort was established by the Second Augustan Legion, which was a good fighting outfit in its day, and the adjoining town eventually had about 12,000 inhabitants. The settlement began about 75 A.D. and was probably abandoned about the year 300



A.D. That is a short time, as history goes, but it made this ancient town older, when the inhabitants moved down river to Newport, than most towns and cities in present-day United States. I wonder what one of our towns of about 12,000 population would look like if it were excavated 16 or 17 centuries from now. About all I am actually sure of is that the diggers would find quite a number of twentieth century automobiles sitting smack in front of signs reading "No Parking."

### *I like October*

I LIKE to say a good word for October about once a year. October is one of my 11 or 12 favorite months. I do not regard it, as Edgar Allan Poe did, as lonesome. I do not believe with Bryant that the melancholy days are come, the saddest of the year. I hold with Bliss Carman that there is something in October sets the gypsy blood astir. It may be argued that any month will do that for me, but that is another story. I like October.



If you're in your late twenties, your thirties or middle forties, you grew up in an era when \$10,000 was considered to be an excellent salary. Over and over again, you heard the "\$10,000 a year man" referred to as a symbol of success in business.

Early impressions of this kind somehow have a way of staying with us; and even today there's an aura of "magic" about that \$10,000 figure. Actually, in terms of buying power, the \$10,000 a year man of a decade or so ago must now earn more than \$20,000 to maintain his previous standard of living—to say nothing about the improvement he should expect of himself in ten years.

The goal one sets for himself often determines the degree of his success. The time may have come in your life when you must decide whether you are going to make a substantial success or just a living.

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# Trends of Nation's Business



## THE STATE OF THE NATION BY FELIX MORLEY

THE MANY attractions of Washington were implicitly recognized when the American Legion decided to hold its 1954 convention in that city the end of August. The late summer climate is certainly not one of the assets of the national capital. Actually, the risk of intolerable weather was considered, but on balance was deemed a minor drawback offset by air conditioning.

So this event, aside from its direct accomplishment, has served to symbolize the triumph of Washington as an all-season tourist center. Gone are the days when the blossoming of the cherry trees was the one accepted time for pilgrimage to the banks of the Potomac. Every week, throughout the entire year, is visitor's week in Washington now.

• • •

For that development there are of course many reasons. The mere physical beauty of this exceptionally well planned city is one. Another factor is the allure of a center which has no factories, but instead concentrates on the operation of government. Again in contrast with our other municipalities is the fact that there are now few American families without friends and relatives in Washington's huge bureaucracy. Every state has its large local society in Washington, to say nothing of the delegations from every foreign country. And this cosmopolitanism is perhaps the most striking single development witnessed by those who recall the sleepy little provincial town of 50 years ago. Many

of the assets of "Greater Washington" have been skillfully promoted by the local Board of Trade and other agencies. Yet one unique attribute of the national capital remains curiously unexploited. In spite of the wealth of history that has accumulated in Washington since 1800, there has been singularly little effort to work this rich mine for the enjoyment of the tourist.

The White House and Capitol, of course, have long been the mecca of millions. Almost as many have paid their devotions at Mount Vernon and Arlington. The Washington, Lincoln and Jefferson memorials draw steady streams of young and old. But it is only the more formal shrines that are located and advertised. Neither official guides nor knowledgeable taxi drivers can tell the visitor, for instance, where Lincoln lived during the single term he served in Congress before the Civil War.

Such homely matters, however, are of the very stuff of history. To feel a true relationship with the men and women who have made this country what it is, one must visualize them not only in their inspired but in their ordinary moments. Huge bronze statues and marble memorials inspire respect and awe, but never a feeling of fraternity. If we believe in democracy we should remember our great leaders in humble as well as exalted setting. Any high school student could feel close to Lincoln in the bedroom of a shabby boarding house, working up notes for his maiden speech in Congress. The same Lincoln, delivering the Second Inaugural, has traveled beyond the reach of ordinary aspiration.

# Trends

London handles this matter far better than Washington. The tourist there is constantly reminded, by tablets on

old and often dingy houses, that here celebrities actually lived—like you and me. It was in this drab environment, our eyes tell us, that Keats wrote deathless verse. From this humble tavern old Samuel Johnson dominated the intellect of his time. On that quiet square Clive of India took his own life, shattered by the charge that he had abused political power for personal gain. Those are the wayside touches, much more than the cluttered statuary of Westminster Abbey, that Americans in London really enjoy. And Washington, for all its beauty, fails utterly to give this sense of intimacy with the past.

That is not because historic associations are lacking. It is now more than 150 years since Major L'Enfant laid out the city which has far more than filled the "magnificent distances" he planned. Throughout that period a fascinating panorama has been steadily unrolling through Washington's streets. It would not be difficult to recapture enough of its scenery to give the present more significance; the future more continuity.

Around Washington that has been done. The Civil War battlefields which gird the city on three sides are superbly marked. The generals live there again, far more vividly than in the statues (exclusively reserved for northerners) that stand so stiffly amid the city's squares and circles. And speaking of statues, half of America must have seen Andrew Jackson holding his prancing steed permanently motionless in front of the White House. Half of America must have read the words carved on the pedestal: "Our federal union—it must be preserved!" But how many visitors are ever told about the dramatic circumstances under which that toast was pronounced, or are able to locate the nearby site of Indian Queen Tavern, where it was given?

• • •

The historic associations of the District of Columbia are, of course, largely political. Few of our great literary figures have been long-time residents, though the work of a good many besides Walt Whitman is paved into the streets of Washington. Admitting that politicians have been more prolific than poets along the Potomac, does it follow that their work deserves only formal and lifeless commemoration?

The house where John Marshall wrote the Supreme Court decisions that solidified the Union; the room in which Daniel Webster prepared his reply to Hayne; the poor lodgings where the dying Calhoun labored night after night to finish his "Discourse on the Constitution"—surely these identifiable sites are of the very essence of our national story. Surely the settings deserve remembrance as

much as the places where great battles were fought or great literature produced. In many cases this political and polemical writing was responsible for the later battles. In many cases it was great literature.

Today Washington bulges with records of governmental activities. All current events, important or secondary, are televised, broadcast, microfilmed, printed, card-indexed, cross-indexed, and filed. Yet the labors of the past are largely forgotten. A little more recording of these truly historic sites would be in order.

• • •

When some of London's historic buildings were destroyed by German bombs, the markers identifying them were replaced while the ruins still smoldered. When Goethe's childhood home in Frankfurt was similarly reduced to rubble, the Germans in their turn rebuilt it brick by brick.

Not enemy action, but modernization, has in recent years swept most of old Washington into the discard. The homes where so much of our destiny was shaped were unmarked before demolition and now even the sites are, in many cases, unidentifiable. One seeks for some good reason why London should have been so much more solicitous for its national shrines than Washington. Could it be because those whom the English capital commemorates lived there from personal choice, while Washington's outstanding men were for the most part sent here by the people?

That explanation does not satisfy. Certainly only a minority of those who come to Washington as public servants have proved really worthy of remembrance. But those who have made the grade deserve a double tribute—not only for their individual accomplishment but also for the good judgment of democracy in selecting men who had that power of accomplishment within themselves. Once Lincoln was in the White House his own abilities carried him to immortality. But Lincoln would never have reached the White House unless a relative handful of Illinois voters had worked valiantly, in 1847, to elect this awkward backwoods lawyer as their congressman. That is why the beautiful memorial fails to compensate for the fact that night has fallen over his first home in Washington.

The character of the Eighty-fourth Congress, observed President Eisenhower in a recent speech, is now about to be determined by the voters. Like much that this President says, a surface simplicity conceals much underlying thought. Put less casually, he here reminds us that we, the people, decide whether or not our representatives in Washington shall be of the caliber necessary for remembrance. And honor should be permanent for those who survive the test of time. For their commemoration, as the President suggests, also honors the voters who took trouble to nominate and elect representatives of more than momentary worth.

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## Trends of Nation's Business

### DENVER MOOD

BY EDWARD T. FOLLIARD

**D**ENVER—President Eisenhower's sojourn in this mile-high city has been part work, part play and part what he calls "politicking."

This year, in contrast to last, there seems to have been little if any criticism of his long absence from the White House. Perhaps this is because there is now a better understanding of what is a fact—that the work of the presidency follows General Eisenhower (or any Chief Executive) wherever he goes, and that with modern communications he can do the work just about as well in Denver as in Washington.

When you put in a call for one of the President's aides out here (Jim Hagerty, let us say), the Army Signal Corps man at the special switchboard at Lowry Field replies: "White House—Denver." That's about what it is.

A staff of 30 or so came here from Washington to help the President.

They range from his valet and Mrs. Eisenhower's maid to secretaries, and include the President's physician, stenographers, teletype operators, decoding experts, the crew of the Columbine, and Post Office inspectors who fly back and forth with the big White House mail pouches. In addition, there are about 20 Secret Service agents and about 25 reporters and cameramen.

• • •

In case of an emergency requiring his presence in Washington, the President can fly there from Denver in something like six hours. That is three hours faster than it used to take Franklin D. Roosevelt to get there from his home in Hyde Park, N. Y., by train.

But even if there should be criticism of President Eisenhower for his long absence from Washington, it is certain that he would not be disturbed.

Recently, on a 1,500-mile sightseeing trip by air, in the course of which he looked over the dams and reclamation and irrigation projects, the President had the Columbine put him down at Casper, Wyo. He told the crowd at the airport how thrilled he

was to be mingling with his fellow Americans in the West, and added:

"And for one who spends far too much of his time in Washington, this is truly something."

The greatest dissatisfaction I have noted in the last several weeks has been among politicians, Republican politicians. Nearly everywhere (at least above the Mason and Dixon line) they have been clamoring for the President to come into their states and give their G.O.P. candidates a boost. Some of them feel that he could have done much more than he has done, although the record will show that he has been even more active in this respect than Mr. Roosevelt or Mr. Truman ever were in an off-year election campaign.

• • •

Sometimes you suspect that Mr. Eisenhower must be puzzled by the uncertainty that hangs over the 1954 election. He feels that his administration and the Eighty-third Congress have done a pretty good job; or, as he likes to put it, have hung up a pretty high batting average. The end of the fighting in Korea, economy in government, lower taxes, expansion of social security—these and other accomplishments, he feels, ought to commend the Republican Party to the voters.

Yet there is uncertainty. No matter what is said for publication, the uncertainty is accompanied by real worry among the Republican strategists over their chances of holding on to the Senate and the House of Representatives.

Two reasons may be cited for this concern.

First, there is what amounts to a political axiom that a party that enjoys a landslide victory in a presidential year will suffer losses in Congress two years later. There has been only one break in this tradition in the past 50 years or more. In the off-year election of 1934 the Democrats actually picked up seats in the Senate and House.

Now let us see what has happened after some other landslides in presidential years.

When Herbert Hoover defeated Al Smith in

# Trends

1928, he carried along 56 victorious Republican senators with him. In the election that was held two years later, the Democrats

won back six of these senatorial seats.

Franklin D. Roosevelt's smashing triumph over Alf Landon in 1936 put 75 Democrats in the Senate. Two years later the Republicans won back five of the Senate seats.

Harry S. Truman's upset victory of 1948 carried 54 Democrats into the Senate, but in 1950 the Republicans knocked off five of them.

In the same election, our last mid-term or off-year election, the Republicans picked up 28 House seats. Ups and downs usually go along together in both chambers.

• • •

Ordinarily, a presidential candidate who scores a landslide victory winds up with such comfortable majorities in the Senate and House that his party can suffer attrition two years later and still remain in control on Capitol Hill.

However, as is evident, the G.O.P. victory in 1952 did not follow the normal pattern. General Eisenhower ran far ahead of his party's candidates for Congress. As a result, the Republicans now control the Eighty-third Congress by the narrowest of margins.

The line-up in the Senate is 48 Republicans, 47 Democrats, one independent.

The line-up in the House is 218 Republicans, 213 Democrats, one independent and three vacancies.

The second reason for concern among Republican campaign strategists is the fact that General Eisenhower's name is not on the ballot this year. They are trying, in every way they can, to capitalize on his popularity, but they would be happier if his coat tails were available to Republican candidates for the Senate and House.

• • •

The obverse of this situation is the attitude of the Democrats who are running this year. They feel (and especially is this true of certain Senate candidates) that they are fortunate to be coming up in a year when their Republican rivals have to depend for success largely on themselves.

There is the case, for example, of Sen. Guy M. Gillette of Iowa. He was elected for his current six-year term in 1948, and is the only Democrat remaining in the ten-man delegation that represents the Tall Corn State in Congress. In a state so overwhelmingly Republican one would think that Gillette is doomed in November. He may be. But in Des Moines influential Republicans told me that Gillette would be "hard to beat."

Back in 1937, Senator Gillette defied President Roosevelt on the so-called Supreme Court "packing" bill. FDR was angry and the next year he put

the senator on his "purge" list, meaning he wanted him defeated in a Democratic primary in 1938. Senator Gillette, like others on the list, won out.

Today that bit of defiance on Senator Gillette's part is a distinct asset to him. It raised his stock in the eyes of Iowa Republicans, whose votes he must get to win this year. It led them to feel that he was "not too Democratic," not a Democrat to fear. Whether enough Republicans feel that way about him only November can answer.

The Republicans have worries in some areas where they ought not to be worried at all, if things were normal. One such place is New Jersey. President Eisenhower carried New Jersey by 368,000 votes in 1952. Yet Clifford P. Case, the Republican candidate for the Senate in that state, may be in danger.

That is because of turmoil within the Republican Party. Some New Jersey Republicans, including conservative admirers of the late Senator Taft, are against Representative Case, believing him to be "too liberal." Some other Republicans are on his neck for another reason. They were angered when Mr. Case said that Sen. Joseph R. McCarthy was a "deeply divisive force," and promised if elected to vote to take away McCarthy's chairmanship.

President Eisenhower is extremely eager to see Mr. Case win, and has given him a most emphatic demonstration of support. Twice he has praised him at news conferences. And back in August he gave a White House luncheon in his honor, an affair to which he invited representatives of both the liberal and conservative wings of the party.

• • •

Unless there is something below the surface that escapes a traveler, there would seem to be no strong political tide running this year one way or the other. The passionate interest in issues that was evident in 1952 — over Korea, for example — is absent this time.

In such a situation, personalities and local concerns are much more likely to swing Senate and House elections than would be the case in a presidential year.

There is an example of this in Maryland's fourth (Baltimore) district. The House seat there is held by Rep. George H. Fallon, a Democrat. The Republicans would like to have this seat. However, a completely fantastic development in Washington some months ago has created sympathy for Mr. Fallon and turned out to be a possible asset to him. He was one of those wounded when Puerto Rican fanatics stood up in the House gallery and fired into the chamber below.

The prospect is for a close election result in the country as a whole. Both parties appear to be very strong. A political scientist might say that this was a good thing, making for balance. But the Republican and Democratic professionals don't want balance; they want to win.



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# BIG HOLE IN OUR MILITARY POWER

By SAM STAVISKY

WHEN the Korean war broke out in 1950, our postwar standing army was too small to fight even a local war in Asia, what with all of America's commitments over the world. We had no trained reserves to call into the emergency action except the veterans of World War II. As a result more than 600,000 of these men were yanked out of their newly readjusted civilian lives and rushed into combat again.

More than 2,500,000 younger, eligible men who had never seen service were by-passed because there was no time to train them.

The recalled veterans were bitter. The military blamed the politicians, and Congress returned the abuse.

Military and civilian leaders alike solemnly swore that this must never happen again. Commissions and committees undertook long investigations, held extensive hearings, wrote voluminous reports, and issued urgent warnings.

Yet today, more than three years later, our principal source of trained reserves in the event of another war, local or global, is the veterans of the Korean conflict.

Had the United States been involved in the Indo-china war—as it appeared for weeks that we might

be—Uncle Sam again would have had no choice but to send back into the front lines the men who had only recently served in the Korean war.

In December, 1953, the National Security Training Commission reported to President Eisenhower:

"The law of the land . . . places upon every veteran of Korea an over-all eight-year service and reserve obligation, yet those who have not been inducted for service have no obligation whatsoever. . . . The reward for serving one's country is more service. The reward for never having served is a continuation of preferred status.

"The condition of our reserve is not only unfair; it is dangerous."

The commission's analysis, nearly a year old, is still a concise estimate of the situation.

It was Paul Revere who, in colonial days, first called out the reserves, those citizen-soldiers remembered today as the Minutemen. In that era, every able-bodied male was under obligation to grab his musket when the call came to defend home and country. The tradition of the citizen-soldier has carried on to this day.

Historically, the United States has maintained

**"We have failed miserably to maintain that strong, ready military reserve in which we have believed or professed belief for 150 years." That's President Eisenhower speaking.  
Defense Secretary Wilson calls it "a scandal."**

## MILITARY WEAKNESS

*World War II veterans were yanked out of civilian life to fight in Korea. And, if war came tomorrow, Korean vets would face the same fate*



**Most of the 2,174,000  
men in our Ready  
Reserve have already  
served in Korea, want  
no part of further  
military activity and  
have ignored urgent  
requests of the services  
to attend drills**

but a relatively small standing military establishment, depending on the citizen-soldiers to augment the professional corps in times of emergency.

In the early days of our nation, the reserves consisted of the loosely organized, individually uniformed, haphazardly trained, state-controlled militia. From the militia has evolved the National Guard, which proved effective in World Wars I and II, and, in modern times, the Air National Guard. Both Guard outfits have a dual obligation to their individual states and to the federal government.

During the Civil War President Lincoln utilized with poor success a second method of calling up the citizen-soldier: the draft. The method, however, proved effective in World Wars I and II. In 1916, the professional military forces began to organize voluntary reserve units among former servicemen returned to civilian life. In World War II the reserves provided a valuable source of trained officers.

Fortunately, in both World War I and World War II, the United States was given many months in which to call up and train millions of draftees. But the developments of World War II—the long-range bombers and the A-bomb—made it clear to our military leaders and to some civil leaders that a prepared enemy would never again give us the time needed to mobilize and train our citizen-soldiers.

Even so, the few voices raised in public went virtually unheard in the rush toward mobilization and away from things military.

Post-World War II efforts to initiate a universal military training program that would build up a ready and trained reserve for any new war emergency were

rejected by Congress. Peacetime conscription was still repugnant to the tradition of our people. Rep. Dewey Short, Missouri Republican, arch-foe of peacetime conscription, denounced UMT and similar schemes as a form of "slavery" which would inevitably lead "into war and eventually to defeat and utter ruin."

By March, 1947, even the World War II draft, which Congress had accepted only under the cocked-gun threat of the Nazi military colossus, was permitted to expire. Then the communists began to reach out again. The United States watched uneasily, undecided, until February, 1948, when, overnight, the Reds swallowed Czechoslovakia.

President Truman pulled out of a pigeonhole one of the discarded UMT plans and urged Congress to adopt it, while simultaneously reviving the Selective Service System. Even in this crisis, however, the House of Representatives simply would not take UMT. Instead, through the efforts of the late Sen. Chan Gurney, South Dakota Republican, Congress married the emergency draft with a "little UMT."

Under this plan, up to 167,000 draftees were to be given the option of serving one year in the armed forces—instead of the normal draft service of two years—and five more years in the organized reserve. The one-year inductee who failed to participate actively in the reserve training program would be recalled into active service to complete his two-year draft term. The two-year draftee was also given a reserve obligation, but he was under no compulsion to participate actively. The three- and four-year voluntary enlistees escaped the reserve obligation altogether.

There was a big rush—long, all-night lines queued up in front of the recruiting offices—to take advantage of the special one-year enlistment. But the armed services, reluctant to absorb one-year men, moved slowly; the world crisis eased up; the draft petered out. Only 32,000 draft-eligibles finally were taken into the service on the one-year basis. The UMT went into limbo, and the draft itself was slated for its second expiration on June 24, 1950.

A last-minute move to retain the Selective Service System in skeleton form, just for emergency's sake, gave the draft a 15-day reprieve and the outbreak of the Korean war on June 25 revitalized Selective Service altogether. President Truman, ordering American troops into action in Korea on behalf of the United



**The 200,000 Standby  
Reserves, with at least  
five years of service  
already behind them,  
would be called after  
the Ready Reserve.  
But the President can  
summon neither group  
unless Congress approves**

Nations, declared that our standing force of 1,500,000 would have to be speedily doubled in size to meet the new requirements.

At such a critical turn, Congress empowered the President to call up the National Guard and the reserves. What was needed, in a hurry, was trained military manpower. The military began calling up the combat veterans of World War II.

There was no alternative because we had failed to train the 2,500,000 eligible and qualified young men who had reached military age between 1946 and 1950.

The veterans, wrenched from their homes for the second time in less than a decade, were stunned. The military services, unprepared for such a vast effort, undertook their task frantically, but with no particular sense of order. A presidential commission later described the recall process as "chaos." A House subcommittee credited the military for an "outstanding job" in getting men and material to Korea, but added that "this has been done at the expense of heartaches, broken homes, closed businesses, and lost jobs on the part of reservists . . .".

Because of "service negligence," the subcommittee declared, some reservists were left behind who should have been called first; some reservists were called first who should have been called last; many reservists were called who in the national interest should never have been called; other reservists, attempting to volunteer for active duty, were not accepted. Some reservists, recalled to duty over their protests, reported and were discharged.

The subcommittee found that inactive reservists who were grandfathers with grown children were called to duty while nonveteran youngsters remained at home as members of the organized reserve. Enlisted men with multiple dependents—one with ten children—were ordered to duty while single men remained behind because they belonged to an organized reserve unit which never was called up. Some World War II pilots, who had already been recalled once to join the Berlin Airlift of 1949, were summoned again.

The injustice to the World War II veterans in the recall for duty and the Chinese entry into the Korean war won new adherents to the idea of universal military training. When the Selective Service Act ran out in 1951, it was renewed as the Universal Military Training and Service Act, aimed at training some of our youth for duty in the reserves, while training others for active service in the armed forces. However, there was enough anti-conscription sentiment in Congress, especially in the House, to put off actual operation of the UMT provisions for one year, while a presidential commission was directed to work out details of a code of justice, protection of morals, etc., for the trainees. By the time the commission reported, with all details accounted for, the House had again lost interest.

However, in its 1951 UMT-draft law Congress sowed the seeds for the current reserve "scandal," as it has been characterized by Secretary of Defense Charles E. Wilson. It placed every man entering the armed services, via draft or enlistment, under an eight-year combined service-and-reserve obligation. Sponsors of the eight-year principle had meant it to apply primarily to the six-month UMT trainees, who would then be placed in the reserves for 7½ years, with the obligation period reduced for active reserve participation. With the UMT program dying a-borning, the men entering the service since June, 1951, drafted or enlisted, represent the bulk of our ready, if reluctant, trained reserve. These men are, for the most part, the men who fought in Korea!

While smothering UMT in 1952, Congress mean-

while reorganized the reserve components of the armed forces: National Guard, Army Reserve, Air National Guard, Air Force Reserve, Naval Reserve, Marine Reserve, Coast Guard Reserve. As of Jan. 1, 1953, members of these reserve components were tabbed in three categories: Ready Reserve, Standby Reserve, Retired Reserve.

In theory, units of the Ready Reserve would be called up first in an emergency. On paper, the United States today has a Ready Reserve of 2,174,000 men. But of these, only one out of four—mainly in the Guard outfits—is drilling with his unit. Three quarters of the Ready Reservists, having already served in the Korean conflict, want no part of further military activity, and have ignored urgent requests of the services to report for weekly drill.

In theory, the legalisms of the Selective Service Act of 1948 give the armed forces the power to compel ex-servicemen to participate actively in reserve units for several years.

In practice, the armed forces are aware that they could find no grand jury willing to indict a Korean veteran for failure to show up for reserve training when there are hundreds of thousands of young men who



**Only the Retired  
Reserves may be called  
back to active duty by  
the armed forces.  
In this pool today there  
are 54,000 officers and  
8,600 enlisted men.  
All are drawing  
retirement pay**

have never served at all and have no obligation to join the reserves.

The Standby Reserve is made up of some 200,000 individuals who, having graduated from the Ready Reserve by five years in active service or in active reserve training, complete their eight-year obligation in a secondary committed status.

In theory, the Standby Reserve would be called to duty only after the Ready Reserve had already gone into action.

However, neither the Ready Reserve nor the Standby Reserve can be called up until Congress gives the word.

Technically, the Chief Executive has the power to call the Ready Reserve to the colors when he declares an emergency, but in fact he cannot do so until Congress authorizes the precise number of reservists whom he may call. The Standby Reserve can be called into action only when Congress specifically declares an emergency and (Continued on page 68)



# EARTH MOVERS SHAPE THE FUTURE

By HUBERT KELLEY

Big guns in the engineer's arsenal ▼

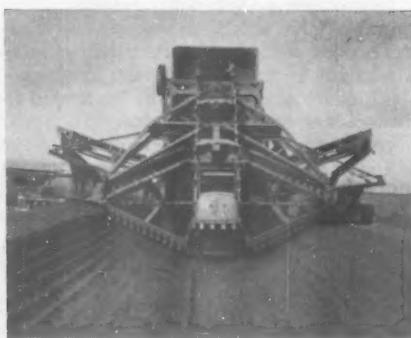
REAR DUMP HAULER



BOTTOM DUMP HAULER



TRENCHER



MOTOR GRADER



TRACTOR SCRAPER UNIT



POWER SCRAPER



**Each year America's excavation machinery industry turns out \$2,000,000,000 worth of giants which can literally move mountains if they stand in the way of progress**

RECENTLY I explored the 427-mile \$500,000,000 New York State Thruway, now under construction from the city of New York to Buffalo, via Albany. It is the largest project of its kind in the world, cutting through rock mountains, over swamps, through wild woodlands.

From the cement highway we turned into a muddy red-clay road cut out by bulldozers to enable men and machines to reach an area of heavy excavation. Strewn along the sides of the road were colossal boulders and giant stumps uprooted by diesel-powered tractors armed with serrated dozer blades.

Then, suddenly, we topped a ridge. Spread out before us we saw a panorama of devastation, where a vast herd of modern excavation machines roared, gouged and roamed like prehistoric monsters grazing. In a pass blasted through the rock of the Ramapo Mountains gigantic power shovels lifted their steel-fanged buckets, ramming and butting the piles of rock avalanched down by dynamite. Having torn out boulders, soil and stumps, they rose with earth-dripping maws to disgorge their mouthfuls into waiting trucks.

In the deep foreground, on a sloping field of red clay, huge bulldozers, like yellow and red turtles, circled and recircled, pushing earth.

Scraper loaders darted in and out, sometimes under their own power, sometimes pushed or pulled by tract-

tors. The hoods of these machines are thrust forward from the body like the head of a rhinoceros, with the upright exhaust pipe as its horn. These 15 and 20 ton juggernauts, carried on rubber-tired wheels at least six feet in diameter, sheared up the earth as they sped, then roared away to spit out the 18 cubic yards they had swallowed.

In the immediate foreground, far below us, the boom of a clamshell shovel rocketed out 50 feet into the air, a gargantuan fishing pole strung with a steel cable line, on the end of which dangled a steel bucket opening at the bottom like a clamshell.

There was more than \$500,000 worth of machinery there, its roar and whine threaded by the chatter of air-compression drills driving new holes into the rock. It was a scene typical for many throughout the world.

In the so called Project British Columbia, for instance, an army of men with \$20,000,000 worth of equipment is plugging a canyon with a gigantic dam, to fill a reservoir with twice as much water as the Grand Coulee dam impounds. A subway-size tunnel is being driven ten miles through a mountain as a conduit to drop the water half a mile through shafts cut in solid rock, a drop 16 times greater than that of Niagara. The electric power plant will be housed in a man-carved cave in the heart of the mountain.

Aerial photographers, on a recent map-making expedition over the deserts of Pakistan, discovered on their plates the dark outline of hundreds of miles of ancient irrigation canals and ditches, dug by hand and refilled by the sludge and wind-blown soil of 6,000 years. Now these conduits are being opened again, not by tens of thousands of slaves like those who dug them at the dawn of time but by American machines.

Businessmen of Caracas, Venezuela, are able to drop down 3,000 feet over a six-lane highway to La Guaira, their port—a distance of 16 kilometers—in just 15 minutes. It used to take hours on the old two-lane highway. American excavating machines brought Caracas to the sea.

Thus, all over the free world—in India, France, Sweden, Finland,

(Continued on page 50)

PICKUP LOADER



DOZER SHOVEL



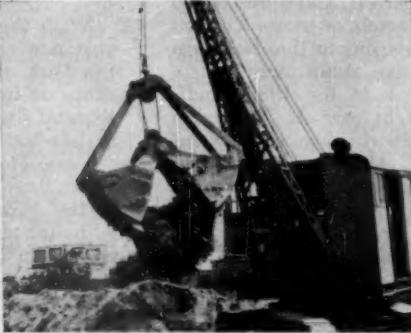
DOZER TRACTOR



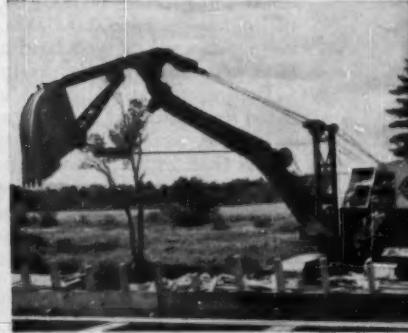
WALKING DRAGLINE



CLAMSHELL CRANE



TRENCH HOE



PHOTOS BY FREDERIC LEWIS, FPC, LETOURNEAU WESTINGHOUSE, J. D. ADAMS, PARSONS, BUCYRUS ERIE, BLACK STAR



# oil risks \$11,400

**THE BIG PUSH** in the development of offshore oil is about to begin. On Oct. 13 the federal government will open sealed bids for leases off the coast of Louisiana. Nominations for federal leases off Texas were closed early in September and a sale is expected to be held soon.

These two events will be the signal for the oil industry to start spending an estimated \$100,000,000, or an average of more than \$11,400 an hour, in the coming 12 months.

The money will go for new leases, exploration, equipment suitable for drilling wells under sea water, and for equipment and installations on nearby land to handle the oil and gas the industry hopes to find.

Oilmen are baited by a hot scientific hunch that the salt domes beneath the floor of the Gulf of Mexico ultimately may add as much as 12,000,000,000 barrels to our proven reserves. The U. S. Geological Survey believes the Gulf can possibly produce more. The Survey also estimates natural gas reserves as high as 65,000,000,000 cubic feet.

Here's how Ben C. Belt, vice president of the Gulf Oil Corporation in charge of the Houston Production Division, sees the situation for the coming four or five years: "There will be a spirited wildcatting and development campaign which easily could add from 4,- to 6,000,000,000 barrels of oil to our national reserves and might add some 15,- or 20,000,000,000,000 feet of natural gas to our national gas reserves."

He admits his view is conservative and believes it's possible that larger reserves could be proven before five years.

Federal leases are being handled this way: The Department of the Interior several months ago asked interested companies to nominate tracts on which they would like to bid. From such nominations the Department selected specific tracts to be offered for lease. About 750,000 acres in federal waters off Louisiana have been offered. Leases will be awarded to companies or individuals on the basis of the highest cash bonus paid, and all sealed bids must be submitted prior to the date and hour of sale. From 15 to 20 companies are expected to submit bids.

Some of the bidding will be high. There's plenty of reason to believe the submerged area holds rich oil deposits. The land, for example, around the rim of the Gulf has more than 60 oil fields which will yield 20,000,000 barrels or more apiece. About half of these fields will produce 50,000,000 barrels, and a dozen will ultimately make 100,000,000 barrels or more. Oilmen believe the submerged land adjacent to this rich rimland will prove equally productive, if not more so.

Preliminary geophysical work in the 1930's indicated the bottom of the Gulf might have oil. Favorable structures were found. In 1938 drilling was started in the Gulf in 28 feet of water. The wooden platform proved inadequate when, during a hurricane, waves washed it into the sea, ending the operation.

Much geophysical work was done in the years that followed. In August, 1945, Louisiana sold its first off-

shore leases. Drilling in the water began in earnest. Since 1946 some 370 wells have been drilled, most of them in Louisiana water. At present there are 30 oil and gas fields producing from about 230 wells. More than 25 wells are now being drilled on state leases, with about 40 expected by the end of the year.

Exploration was halted by a Supreme Court decision in June, 1950, which gave jurisdiction of the continental shelf to the United States. Legislation last year changed the decision.

The situation, however, is far from clear. Congress gave the states jurisdiction of submerged lands out one league from shore, a distance of about three and a half statute miles.

An exception is provided for any state whose boundary, at the time it became a state, was other than the traditional one league.

Texas claims that, when it joined the union, it had a boundary three leagues from shore, or about ten and a half miles out.

The federal government is preparing to sell oil leases beyond these two limits.

But difficulties may arise if Louisiana, which also claims three leagues, should press that claim in court.

Other complications can arise from the fact that the exact position of the coastline is not clear at all points. Litigation could result from situations involving rich oil pools on or near boundary lines between state and federal portions.

Precautions are being taken to avoid boundary disputes if possible. For example, the federal government will lease only land which is considered a "safe distance" seaward from the presumed state line. Normally this will mean that no federal leases will be sold closer than about one mile from the state boundary.

This leeway will permit exploration to go ahead now in the federal portion as well as the state portions of the Gulf. As development of fields progresses, boundary lines can be settled. Meanwhile there's enough attractive unexplored land to keep all the companies busy for years.

Since congressional action last year, major companies alone have put more than \$100,000,000 into state leases and equipment. Until the 1950 shutdown, companies operating there had spent about \$260,000,000. About 25 operators now have a total of 1,600,000 acres of leases off Louisiana and Texas.

With the opening of the federally owned lands, a vast new region offers opportunities. The bottom of the Gulf slopes gradually. About 100 miles out it drops off into deep water. At the point where the continental shelf ends, the bottom of the Gulf is approximately 600 feet below the surface.

Some 14 companies have done seismograph work on about three quarters of the land from the Rio Grande to the Mississippi River out to the 120-foot depth. Although drilling is easier in shallower water, there's no reason to place a limit on operations because of

# AN HOUR in the Gulf

water depth. The 120-foot depth, one executive explains, has no significance. In some cases the surveys have gone out as far as the 200-foot line, and it's safe to say that wells can eventually be drilled successfully in that depth.

One well has been drilled 32 miles from shore. The deepest operation so far is one near Corpus Christi, where a rig eight and a half miles from land stands above 67 feet of water. A platform is being built further offshore for drilling in 97 feet of water.

The "spirited wildcatting and development campaign" Mr. Belt mentions is expected in the federal part of the Gulf. He explains why:

"The best informed geologists believe that the effect of the law was to allocate 85 per cent of the valuable prospective land on the continental shelf to the federal government.

"Such a statement, of course, is an estimate based on partial geophysical work and a guess as to where the boundary line of the state-owned and federally owned water will finally be fixed."

Plenty of hazards face those who are developing the offshore oil fields. First, exploration is much more expensive than on land.

Oilmen have found that the best way to drill a well on the continental shelf is to build a platform about 40 feet above the wave action by the template and piling method.

The derrick, engine, and other equipment sit on the platform. A drilling tender anchors alongside. Aboard the tender are mud pumps and pits, pipe, fuel, and other equipment and supplies necessary for the drilling operation. Crews are quartered aboard the ship. Boats shuttle between the ship and land with supplies and replacement crews. Many of the tenders operating in the Gulf now have landing decks for helicopters.

A platform suitable for drilling in 60 to 80 feet of water costs about \$450,000, according to one official. A typical drilling rig costs \$550,000, and the drilling tender costs approximately \$2,500,000.

That isn't all. The Gulf Company, for example, paid Texas more than \$3,000,000 for its state lease near Corpus Christi. In addition there was a vast expenditure for the research which prompted Gulf executives to believe the lease worth that much. After considering the gamble, the company decided to risk a total of about \$10,000,000 on the first hole.

Corrosion from sea water is another costly matter. Cost of replacing or repairing some in-water equipment could force the shutdown of some low-yield operations.

Another costly unknown is the number of days when the rig can't operate. To keep a drilling rig and tender going costs \$5,000 a day, according to one oil company. A few days of bad weather run the cost up fast.

"It is probably true," one oilman says, "that if the federal government fails to put this land up for lease in large quantities so that operators can make big

plans for equipment to explore and develop it, most people will go broke by merely paying the demurrage on their equipment, or else they will never build adequate equipment to get into the exploration business at all."

He explains also that the nature of offshore drilling will prevent many shutdowns for analysis. "It costs more to think and wait," he says, "than to go ahead and drill."

Angle, or directional, drilling offers some relief from the high cost of building platforms above the water. Wells on the West Coast have been angled out under deep Pacific water. From 400 feet away, a pool beneath the Capitol Building in Oklahoma City has been tapped by directional drilling.

Wells on land have been drilled up to a 45-degree angle in the Gulf Coast area. But it isn't likely the same can be done in the Gulf itself. One estimate is that the maximum angle for a 10,000-foot depth would place the bottom of the hole about 5,000 feet away.

How many wells could be operated from one platform is still anybody's guess. So far, as many as 12 have been drilled from one platform.

Another unpredictable is storm damage. Waves will continue to pound away at the operation as long as the well is pumping.

Besides the possibility that the oil-bearing sands under the coastal lands may not actually extend as far into the Gulf of Mexico as now believed, there is the uncertainty of the producing characteristics. Because of higher costs and hazards of in-water operations, wells will have to prove more productive than the tolerance on land. Unless a field can be expected to yield more than 10,000,000 barrels, it will have to be considered a failure and tossed back like a small fish. Profits might never overtake costs.

An additional costly problem is how to get the product from well to shore.

Despite these uncertainties, oilmen are going ahead with plans to spend hundreds of millions of dollars, if it takes that much. The reason is simple: They hope to find not just oil but a lot of oil.

Hunting for oil is a risky business at best. More than 38 per cent of all drilling last year produced dry holes. Notwithstanding modern equipment and an increasing knowledge of the earth's substructures, no one can find oil without drilling a hole.

Together the companies interested in offshore development already have spent a good many millions of dollars for geophysical work, equipment, and state leases, and they're prepared to spend more millions to get the federal leases of their choice and to drill more holes—where the fishing looks best.

Oilmen sum it up this way:

"Some companies will get hurt. But we're determined to find oil in the Gulf and bring it to market, and we all expect to get our feet wet doing it." **END**

—KENNETH W. MEDLEY

# SCHOOL FOR JET AGE LEADERS



EDWARD BURNS

**SCHOOLMASTER:** Lt. Gen. Hubert R. Harmon, veteran pilot, is first superintendent of the United States Air Force Academy

UNCLE SAM soon will be looking for 300 of the finest young Americans he can find. He will offer them the historic opportunity to become the first class of cadets of the United States Air Force Academy. He will want them to carry on the greatness of West Point and Annapolis into a new tradition of airmanship for the age of the hydrogen bomb and the jet airplane.

The West Point of the Air is well on the way. In March, 1955, more than 5,000 young men will take the competitive examination by which the historic 300 will be chosen. Next July they will begin to blaze the new path that the future leaders of the Air Force will follow.

Meanwhile, Lieut. Gen. Hubert Reilly Harmon, the father of the Air Force Academy, selected by President Eisenhower to be its first superintendent, is busy picking a faculty, working out a curriculum, organiz-

ing the temporary quarters of the Academy and planning its permanent home. He is one of the busiest and happiest men in the Pentagon as he brings the dream of a great new institution to reality.

The military tradition and doctrines of the United States, hitherto inculcated in the two academies in the East, will now blossom among the mountains of Colorado, in the brooding presence of Pikes Peak. But that is the goal of four years hence.

If all goes on schedule and Congress provides the money, the new Academy will be completed in time to graduate the first class at its permanent site north of Colorado Springs.

The lucky 300, however, will start their four-year course in temporary quarters at Lowry Air Force Base, where President Eisenhower maintains the summer White House, in

mile-high Denver. The Air Academy will be able to provide the increase in professional military men the nation needs for adequate security in a troubled world.

More important, they will be men who deliberately choose to fight in the sky. From the day they enter the Academy they will be bred to their element.

The Air Force came of age in World War II. Most of its great leaders and the rest of the hard core of its professional officers were drawn from the two existing government academies. But the men it received from West Point and Annapolis had to be sent to special schools to devote considerable extra time to flight training. Now, as a service fully co-equal with the Army and Navy, and perhaps the decisive power in the atomic age, the Air Force will be able to begin to train and indoctrinate its own leaders from scratch in July, 1955.

In a substantial sense the Air Academy will be a West Point with wings. It will adapt its basic military training program from the military academy. It will also pattern its system of discipline, ceremonies, intramural sports and physical training on the same time-tested practices.

In fact, the Air Academy is founded on the fundamental law that governs West Point and its cadets will receive the same pay as the Army cadets and the midshipmen.

The Air Academy, like its two sister institutions, will have the aim of giving the cadets, along with their basic service training, a broad general education, comparable to that given in our leading universities, and imbuing them with a profound desire to serve their country.

But beyond these basic similarities there is bound to be a great difference between the Air Academy and the others if it is to develop air-faring men. West Point produces the leaders of ground forces and military engineers. The Naval Academy is dedicated to all that is implied by "seamanship." At the Air Academy it will be "airmanship," a term that will embrace

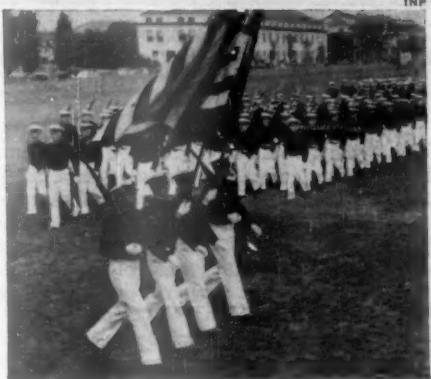
By ANTHONY LEVIERO

BLACK STAR



DRESS PARADE, WEST POINT

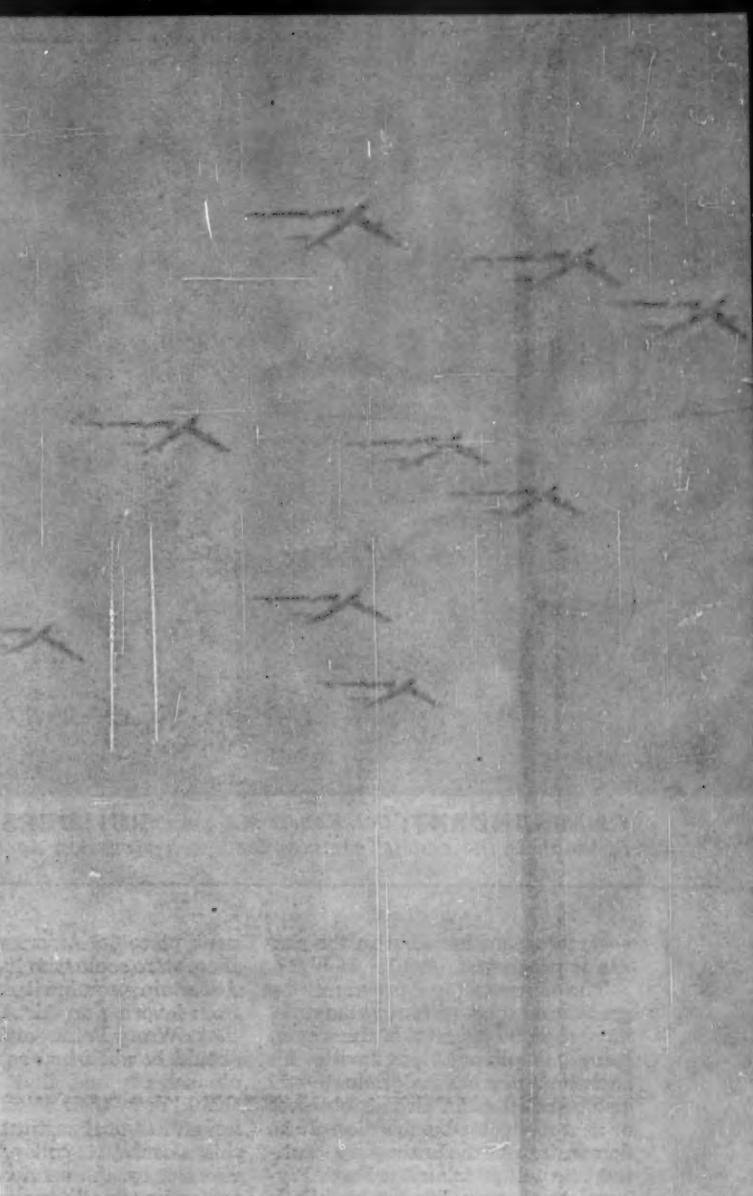
INP



DRESS PARADE, ANNAPOLIS

New U.S. Air Force  
Academy will train  
professional airmen as  
West Point and Annapolis  
prepare Army and  
Navy officers

AIR CADETS AT LACKLAND FIELD, TEXAS  
U. S. AIR FORCE PHOTO





EDWARD BURNS

**COMMANDANT:** Col. Robert M. Stillman is the cadets' commander



**BUILDERS:** Col. L. J. Erler, director, AF Academy Construction Agency, and John P. Huebsch, deputy, study plans

everything not included in the academic program.

The airmanship program, by graduation time, will bring the cadet more than 60 per cent of the way to being a pilot. Along with his bachelor's degree, the graduate will also be rated as an aircraft observer or as a navigator-bombardier. If he demonstrates the necessary aptitude, he will go to an Air Force Flying School to qualify for his pilot's wings.

The cadets who do not have the aptitude will be assigned immediately to combat crew positions.

Far-visioned airmen began to see the necessity of an Air Academy back in the 1920's. Intensive study of the need for it did not begin, however, until March 14, 1949, when the late James Forrestal, the first Secretary of Defense, created the Service Academy Board. He appointed Dr. Robert L. Stearns, president of the University of Colorado, as chairman, and General of the Army Dwight D. Eisenhower as vice chairman. Its other members were four university presidents, the superintendents of West Point and Annapolis and an Air Force general.

After study, the educators not only gave the concept of an Air Force Academy their hearty endorsement but also settled the destiny of West Point and Annapolis. They decided that government military academies had earned a permanent place in American life. Yet, there were some who had doubts.

Certain prominent educators, far from favoring an Air Academy, felt that West Point and Annapolis should be abolished as undergraduate schools and that the services should draw their officers from civilian educational institutions. Under this concept college graduates selected by the services would get professional military training only as postgraduate work in service schools.

This idea had disturbing aspects. It lost sight of the fact that this country, traditionally nonmilitary and hostile to the idea of large standing armies, has let its defenses and trained forces run down dangerously many times in its history. In the crises it was the professional military men trained in the two academies and in a few comparable institutions like the Virginia Military Institute who were called upon to perform the miracles of mobilization, expansion and grand strategy.

The Service Academy Board decided there was no substitute for military leaders who were indoctrinated in service academies in their youth with our military doctrine and, above all, inspired with a selfless desire to serve their country.

The Board also rejected a number of other proposals, including one which would send cadets of all three services to a single institution. Here

they would have received a common basic education for two years, after which they would go on to their particular service academies. The Board wisely saw that this concept ignored the fact that young men followed their natural bent, seeking West Point for the military life, Annapolis for the sea and the Air Academy for aviation. The inducement might disappear if the aspirant had to start in a general institution which made his ultimate goal problematical.

Now all is settled, however, and Congress has authorized the Air Force to spend \$125,000,000 to build the Academy. In the first year \$1,000,000 will be used to adapt the necessary facilities in the temporary site in the northeast corner of Lowry Air Force Base, while approximately \$15,000,000 will go into the permanent site.

The Academy will rise in beautifully diversified terrain in the northwest corner of El Paso County, about six miles north of the resort town of Colorado Springs. There will be about 15,000 acres and, no matter which way they turn, the cadets will have breath-taking vistas, whether on the ground or in the air.

On the western boundary of the reservation is the grandeur of the first range of the Rockies in Pike National Forest. On the east the boundary will be determined pri-



EDWARD BURKE

**FACULTY DEAN:** *Brig. Gen. Don S. Zimmerman, former instructor at West Point, will head faculty at airmen's school*

marily by U. S. Highways 85 and 87, linking Colorado Springs with Denver. Between these limits are plateaus, rugged hills, grazing land, pine woods, lush mountain meadows. The average elevation of the reservation is 6,500 feet. Its northern and southern boundaries have not yet been decided.

The architectural firm of Skidmore, Owings and Merrill has been commissioned to plan the site and design the Air Academy structures. However, not much can be done about this until the Air Force completes a two-month task of making a map of the area that is detailed enough to show two-foot contour intervals. Then a master plan and road net can be devised.

After that it will be time to design buildings.

General Harmon has said that he personally would not favor a style of architecture that is strictly modern. He explained, however, that the French, Renaissance, Colonial and Gothic styles will not be suitable in the Colorado scene.

"It's a challenge to the architects to devise something that fits," he remarked.

The challenge has been accepted by architects nationwide.

There won't be too much flying within the reservation, but an air strip will be located probably in the southeast corner for administrative and trainer planes. The cadets will

do their main training on all types of combat planes at Peterson Air Force Base, about ten miles away outside Colorado Springs.

What about the young Americans who aspire to be members of the first class? Who can apply? What will it take to make the grade?

Any American boy has a chance, if he has the equivalent of a high school education and believes he can pass a college entrance examination. He has to be in top physical condition, too. He will apply to his senator or representative in the same manner as for West Point or Annapolis. The members of Congress will nominate 85 per cent of each class, while the rest will come from the enlisted ranks of the Air Force, the National Guard and other sources that are now allowed to compete for the other academy examinations.

Instead of asking for two applicants for each of the 300 cadetships, as do the other academies, General Harmon wants each senator and representative to name ten candidates from his own state. He explained that World War II experience showed that ten candidates were necessary for each pilot vacancy in order to get men to meet the physical and mental requirements.

Alabama, for instance, has 11 senators and representatives, hence 11 cadets will be accepted from that state but 110 youths may compete for those vacancies. On the same

basis California will get 32, New York 45, Rhode Island, four, and so on.

General Harmon believes that the Academy will avail itself of the services of the Educational Testing Service of Princeton, N. J., a recognized agency for giving college entrance examinations, when the Academy tests are held next March. In this way any candidates who pass the academic test, but are rejected for other reasons, will not have to take another examination to enter other universities. The tests given by this service are nationally recognized.

Ultimately the Academy will have about 2,496 cadets, comprising four classes, or approximately the same number as at West Point. But General Harmon is deliberately beginning with a first class of 300 to get the Air Force Academy off on a sure footing.

"Yes, I'd like to start smaller than that," declared the Air Academy's superintendent, who once was a tactics instructor at West Point. "We want to stress quality, not quantity. We have to experiment in the critical formative years and we want to put stress on the process of education. We want to emphasize quality not only in the students but in the faculty."

"We have no backlog, either in students or faculty. When we get

(Continued on page 59)

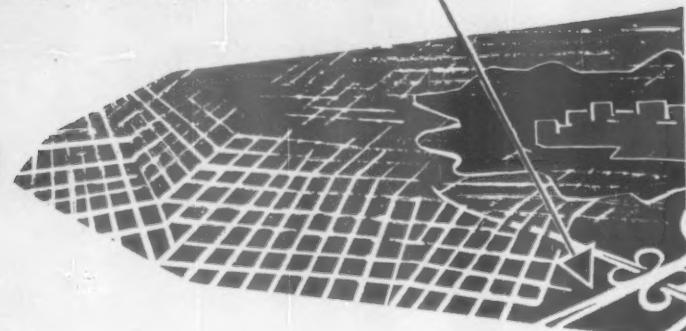
# FOUR STEPS TO SAVE YOUR CITY

By MILES L. COLEAN

## The problems:



*How to handle traffic so that each added facility does not generate traffic faster than it relieves it*



**Recent federal measures hold promise of help for restoring vitality of cities, but local citizens must carry the ball to solve tough basic problems**

DO OUR cities have to fall apart? Do they have to choke in smog, fester with slums, suffer from traffic-sclerosis, see their financial substance bled away by their adjoining satellite (or parasite) communities?

They don't!

Making that answer effective, however, is a long, arduous, and complicated job. No city has accomplished it fully. But progress has been made; and, amid the growing conviction that cities can be what their people want them to be, a great new effort is stirring. Chambers of commerce, real estate boards, home-builders associations, and other business and civic organizations are aroused over the need to keep up and restore the vitality of our cities. Backed and prodded by such groups, city governments are taking vigorous action to clean up slums and improve services. To this effort the federal government is offering a substantial boost.

Three recent measures account for the boost: the urban renewal and city planning provisions of the new Housing Act of 1954, the expanded highway program, and those parts of the Housing Act and the revised Internal Revenue Act that help to encourage capital investment.

These measures offer financial aids to cities and their citizens for special renewal and redevelopment purposes. They also provide strong incentives to cities to face the basic problems that have kept their best efforts from being fully effective.

The cities' tough problems are these:

1. *How to handle traffic in such a way that each new facility does not generate traffic faster than it relieves it.*
2. *How to obtain the revenue necessary to maintain adequate municipal services and at the same time meet all the backed up needs for public improvements—highways, schools, hospitals, parks, and recreational facilities.*
3. *How to make possible the acquisition of sites in run-down and blighted sections at prices in line with what the land is worth for appropriate new uses.*
4. *How to increase the attractiveness of investment in income-producing real property.*

Until these questions are answered, even the best efforts are

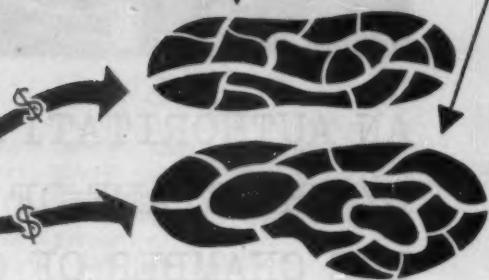
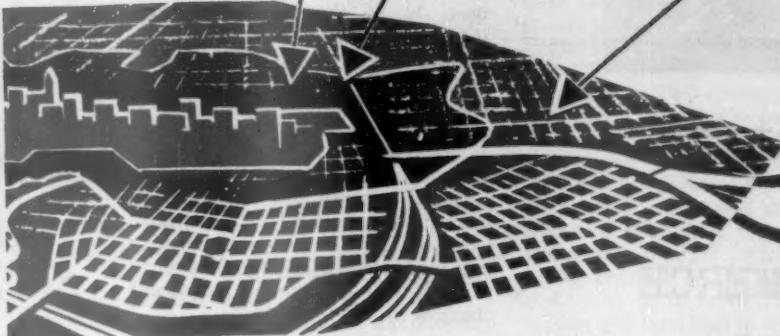


*How to buy slum site at price in line with land's new-use value*



*How to stimulate investment in income-producing properties*

*How to obtain revenue needed for adequate municipal services while avoiding the drain caused by those who work in city but pay taxes and shop in suburbs*



likely to end in a process of running around in circles.

Let's see how the new federal measures may help.

#### PROBLEM 1.

##### **How to Conquer Traffic:**

New facilities for handling automobiles and public transportation within metropolitan areas are needed. However, new freeways, bridges, and rapid transit lines often are clogged long before their planners expected them to be. This has happened to the circumferential highways, subways and tunnels in New York. It is happening in Los Angeles, and it is even likely to happen to an internal highway system so carefully planned as the one Pittsburgh has undertaken.

The traffic on a public way is determined by the manner in which land is used along its route and along the lesser thoroughfares leading into it. If locations for commercial and industrial buildings—as well as the size of these buildings in relation to their sites—and the density of population in residential areas are not subject to control, the adequacy of a transportation system cannot be assured.

The only answer is the comprehensive zoning of land and the control of subdividing throughout the area. Unfortunately the affected area is rarely in a single city. It extends to other communities within a metropolitan district. This whole

area must be planned and zoned as a unit if a traffic solution is to be found. So far this has not been achieved anywhere, although official metropolitan planning bodies, with varying degrees of authority, have been set up in Washington, D. C., Atlanta, St. Louis, Detroit and a few other places.

A large part of the funds the expanding highway program makes available will be spent within metropolitan areas. Although the planning for these highways must largely be a local matter, it cannot practically be so local as to involve independent action by all the separate towns in a metropolitan area. There must be coordination and authority to make decisions.

This need should be obvious enough to prompt coordinated local action. But, to give a further incentive, the government has done more. The new Housing Act (which is much more than the name implies) provides for grants to communities of less than 25,000 population and to official state, regional, and metropolitan planning agencies to cover up to half the cost of land use studies, urban renewal plans, and city and community plans, including, of course, traffic plans.

#### PROBLEM 2.

##### **Raising the Money:**

Everything needed to keep a city a good place to live and work costs money. Highways, schools, hos-

pitals, parks and recreational facilities require a great deal of money; the enforcement of ordinances covering the safety and sanitation of buildings takes funds, as do the maintenance of police and fire protection, and educational and health services. Few cities have at hand or in sight the money needed for these and other urgent purposes.

Many city governments avoid bankruptcy simply by neglecting essential services and underpaying employees. Real estate has been loaded with taxation to the limit, if not beyond that, and in place after place borrowing has gone about as far as is legal. How, in a healthy expanding economy, have cities got themselves into such a fix?

Among the causes are state legislatures' indifference to cities' needs, and the federal government's increasing preemption of sources of tax revenue. But one cause is closer at hand—the flight of business and population to the suburbs where, in independent communities, they may still have the advantages that the central city offers without contributing to the services that the city must maintain.

The old way of expanding a central city by annexation now has limited possibilities because the cities tend to be almost wholly surrounded by independent municipalities which can effectively resist annexation. County-city unification has fairly recently been used as a

(Continued on page 77)



## AN AUTHORITATIVE REPORT BY THE STAFF OF THE CHAMBER OF COMMERCE OF THE UNITED STATES

### CONSTRUCTION

The home building boom continues at near record levels. The 112,000 private and public dwelling units started in July exceeded any July starts except in 1950, and were 16 per cent above July, 1953.

The 109,000 private dwelling units started in July represented a seasonally adjusted annual rate of 1,147,000, the fifth month this year in which the rate has exceeded 1,100,000, and continues for the sixth successive year a rate exceeding 1,000,000 units.

How long can it last? Predictions of collapse have been frequent, based chiefly on the decline in family formation due to the low birth rate of the depression years. A number of factors offset this. The current high birth rate is causing many families who bought small houses since the war to expand them or buy larger ones. Separation of doubled-up family units continues. Higher incomes give earlier independence to young couples. Families continue to move. Wider distribution of income is creating demand for better homes. Such factors, together with easy credit and the stimulus of the new Housing Act, foretell a sustained high level of home building.

### CREDIT & FINANCE

There are many indications that the relief for dividend income provided in the Internal Revenue Code

revision is unlikely to affect greatly the present financing pattern for most corporations.

Financial officers are pointing to the relatively small amount of added funds from this source available in the market to absorb stock flotations. Many are indicating their intention to continue bond and borrowing financing because of the added advantage from deductibility of interest payments. The factor of limited relief to dividend recipients is not great enough, in their opinion, to offset the corporate advantage from other methods. Partial realization of the administration's program for freeing funds for reinvestment appears to fall short of the level required to accomplish the purpose.

### AGRICULTURE

This fall farmers will begin to feel the impact of recent legislation.

The wheat farmer will realize that, if he is to stay within his acreage allotment, he will have to cut back his planting. For instance, for every 100 acres he planted to wheat in 1952-53, he will be able to plant only about 67 acres this fall if he expects to receive full price support. If this acreage restriction results in a smaller wheat crop in 1955, at least slight inroads will be made on the record supply of wheat of July 1.

The Agricultural Act of 1954 provides for \$50,000,000 of CCC funds to be used between now and June 30, 1955, to boost use of fluid milk by

# HOW'S

school children. This program is expected at least to double the use of milk in the school lunch program.

New foreign trade legislation authorizing \$1,000,000,000 to be used during the next three years may help increase our exports of agricultural products. This money is to be used for barter and exchange of farm surpluses for foreign currencies and may also be used under emergency conditions for direct gifts of these surpluses.

Social security now takes on new meaning for most farmers and farm workers. About 3,500,000 farmers and more than 2,000,000 more farm workers will be covered by recent changes in this legislation.

### DISTRIBUTION

In addition to the widely publicized discount houses, similar competition comes from discounts obtained for employees of government and nonretail companies.

Recent reports from the Chamber's National Distribution Panel indicate that close to one fifth of all retail volume is now sold below list price. Managements of individual retail and wholesale businesses are preparing for showdowns with suppliers with respect to territory protection, enforcement of franchises, fair trade contracts and consistent policies of pricing and distribution.

Recommendations of an important antitrust committee advising the Justice Department are due to be completed this fall. These will have an important bearing on legal steps possible in dealing with current turbulences in distribution pricing.

Meanwhile, retail and wholesale sales volume continues to stay close to the all-time high. Competition is more intense than during any recent period.

### FOREIGN TRADE

Continuation of increased dollar earnings and reserves abroad, reflected in relaxation of controls on importation abroad of U. S. goods, should help maintain or increase the level of U. S. exports for the balance of 1954.

Contributing to the growing dollar and gold reserves abroad is the greater economic activity in the United States, resulting in a high

# BUSINESS? a look ahead

level of U. S. imports. Another factor which contributes heavily to the temporary and artificial closing of the "dollar gap" are United States military outlays. In 1953 the U. S. Armed Forces spent about \$2,500,000,000 abroad.

Almost one third of this was the result of spending by U. S. military and civilian personnel from their own pay. Purchases of foodstuffs, fuels, and other items needed by the U. S. forces for their own operations and of mutual security expenditures for the purchase of military end-items for transfer to recipients of mutual security aid accounted for another third.

The remaining third includes disbursements for the construction of airfields, naval facilities, troop housing, communication and transportation facilities.

## GOVERNMENT SPENDING

As federal spending goes down, state and local costs are creeping up. And the prospect is for further increases in these expenditures.

The Commission on Intergovernmental Relations, which is due to report next March 1, is reviewing the programs of federal aid to the states and the activities covered. One object of this review, as set forth in the law establishing the Commission, is to determine the extent to which such activities can be returned to the states for their full administrative and financial responsibility.

Return of such activities to the states can mean doing the job at lower cost. But, unless taxpayers are alert as these questions come up, there may be simply a transfer of responsibility, with no money saved. Already some states have been increasing taxes as the recent federal tax cuts have given them a little more fiscal latitude.

## LABOR RELATIONS

Labor unions have aimed their biggest guns on the Taft-Hartley Act in the present political campaign, but nothing much has come out of it. The truth is that Taft-Hartley, as a political issue, is now threadbare. Even the attack on the present National Labor Relations Board seemed to afford little political capital.

The opening gun in the recent campaign by labor groups came from the AFL Executive Council and was quickly followed by the CIO and such independent labor groups as the UMW.

The campaign is proving, however, that although labor unions will try to retain Taft-Hartley as a political issue for years to come, actual basic changes in the law will come only when either liberal or conservative legislative groups are routed. Events have proved that moderate changes in the make-up of Congress can result at most in only minor changes in the Taft-Hartley Act. But it is certain that labor unions will continue to try to secure some fundamental changes. About the only change in position which actually can be noticed in the labor unions' policy line is that talk of "repeal" has been toned down.

## NATURAL RESOURCES

A Hoover Commission Task Force on Real Property, recently appointed, will study all federal real property outside the public domain.

In the preliminary report which it must submit by early November, the Task Force is expected to pinpoint the changes which can be made in federal activity in connection with federal property to increase efficiency, lower expenses and generally benefit the over-all economy.

The recommendations may be tremendously important to those natural resource industries which depend to any degree upon resources from the federal rural lands. A number of natural resource trade associations have been invited to present their views. These statements are expected to recommend a speedier method of disposal of surplus real property.

Probably the most important contribution of the Task Force on Real Property will be to show that certain federal functions in connection with real property can be curtailed or eliminated.

## TAXATION

Now that the federal government has thoroughly revised its tax laws, the next big flurry will come from the states. Many state income tax laws, for both individuals and corpo-

rations, are tied in closely with the federal tax system. In effect, then, one half of the rules have been changed but the second half does not as yet recognize the revision. State legislatures meeting next year will face a rash of complicated tax laws designed to coordinate state taxes with the revised federal code. This will be particularly true in states which have adopted the federal tax base for their income levies. Taxpayers would do well to lay their plans now for meeting this situation, which may later reach emergency proportions.

Just by way of illustration: What are the states going to do about the new federal deductions for child care? For charitable contributions by both individuals and corporations? The new rules on depreciation? Dividend relief for stockholders? Business reserves for estimated expenses? These and many more problems will require answers before next year's tax returns are made.

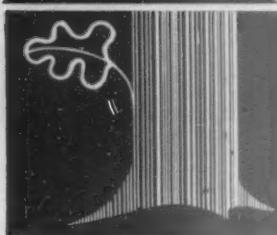
## TRANSPORTATION

When the Congress convenes next January, President Eisenhower may ask some major changes in national transportation policy.

This strong possibility is a direct result of the administration's increasing interest in transport problems. One example is the Department of Commerce study on merchant marine problems. This was followed by a comprehensive study, with recommendations, by the President's Air Coordinating Committee on civil aviation policy. The President has accepted this latter report as his guide for future action on civil aviation.

Probably the most significant report, made by the President's Cabinet Committee on Transportation Policy, is yet to come. This committee consists of the Secretary of Commerce as chairman, the Secretary of Defense, and the Director of the Office of Defense Mobilization. Other cabinet members will participate when they have a direct interest.

A seven-man study group assisting the Cabinet Committee is now reviewing current transport policies and formulating recommendations. Final recommendations of the Cabinet Committee are expected before the new Congress meets.



# LUMBER MOBILIZES

## To win Fresh Markets

NEW techniques in logging, milling and merchandising in the next 25 years will create new end uses for wood and open up consumer markets for the lumber industry.

That confident assertion by Leo V. Bodine, executive vice president of the National Lumber Manufacturers Association, is typical of the reaction of top lumbermen to a report which the Weyerhaeuser Timber Company of Tacoma, Wash., will make public this month.

Prepared for Weyerhaeuser by the Stanford Research Institute, the report projects the nation's probable demand for all forest products from now to 1975. It forecasts moderate increases in the consumption of lumber, from 41,300,000,000 board feet in 1953 to 44,600,000,000 in 1975. But it cautions that any continuing increase in lumber prices will put wood in a poor competitive position in several areas.

To such realists as Mr. Bodine, the Stanford study has two values: It deflates the dire, recurrent warning that we are running out of timber and frankly prods some of the flabby spots in the anatomy of America's oldest industry.

The nation's 50,000 to 60,000 sawmills now produce between 40 and 50 per cent of the world's supply of lumber, pay wages to 500,000 workers, represent a total capital investment of about \$3,500,000,000, and have total annual sales in excess of \$3,000,000,000. Lumber is our fifth largest industry, on the basis of value added by manufacture.

But there are soft spots, and the Stanford report underlines a number of them: An over-all decline of about 45 per cent in the board feet of lumber consumed per dollar of nonresidential construction is expected in the period between 1953 and 1975; lumber's share of the railroad car construction dollar is shrinking, and the use of wood as a fuel is decreasing at a gallop.

Some lumbermen feel that the Stanford survey, with its prediction of mounting lumber costs, fails to take into account inevitable refinements in the handling of wood in its journey from the forest to the customer. They argue that reduction in cost of such expensive processes as the drying of lumber in kilns could substantially lower prices and improve lumber's position in relation to other materials.

"There are many things we can do to bring down our costs," says Mr. Bodine. "Look at the way we saw lumber. Every time a board is cut from a log the saw blade chews up a thin slice (kerf) of wood which becomes sawdust of little or no value.

"If we can develop a more efficient cutting method—maybe a powerful vibrating, ultrasonic machine (a king-size model of the machine developed for dentists)—we could save this sawdust and get more product from each log."

"And here's another point. Like any industry we will profit as we find commercial use for by-products. At one time we used only 50 per cent of the log for lumber. As we approach total utilization of slabs,

limbs, sawdust and even the bark, the return per log increases while the cost of our products goes down because we get more products from each log against which to prorate costs."

Through its wholly owned subsidiary, Timber Engineering Company, NLMA is working toward total use of its raw material. TECO's efforts include development of Fersolin, a soil improver made from sawdust; experiments with new kinds of wooden industrial flooring; studies on utilization of tree bark; work with glues and chemical wood preservatives, and the fabrication of all-wood truck bodies for the Army and non-magnetic minesweepers for the Navy.

The industry is now spending from \$3,500,000 to \$4,000,000 annually for research.

Mr. Bodine anticipates a substantial increase in the use of softwood and hardwood paneling and veneers in coming years; predicts development of a new light weight wood sheathing material with a paper overlay, and forecasts greater use of wood in combination with other materials.

Expanded activity in construction, shipping containers and manufacturing, traditionally the principal markets for forest products, will parallel the general economic growth, according to the Stanford Research Institute's findings. Its conclusion is based on the working premise that, by 1975, our gross national product will be a whopping \$586,000,000,000 (at 1952 prices); population, 212,000,000; total civilian employment, 84,400,000 (out of a working force of 88,200,000) and the average work week just slightly more than 37 hours!

There should be a market for all the lumber we produce in this country between now and 1975, says SRI, plus a moderately higher level of imports (primarily from Canada) and increasing re-use of salvaged lumber. Other findings:

► The price of plywood will increase (but less rapidly than that of lumber) relative to competing materials; the prices of pulp and paper products will continue in about their present relationship to prices of competing materials; the prices of hardboard and insulating board will decline relative to those of the materials with which they compete.

► Domestic production of lumber will increase only moderately by 1975, with all the increase in softwood production occurring in the West, accompanied by more moderate increases in hardwood lumber production in the South and East.

► Major increases are expected in the domestic production and consumption of pulp, paper and paperboard products, plywood and veneer and hardboard and insulating board.

► The major increases in timber use in the South will be for pulp and for hardwood lumber production; in the West, for softwood lumber and plywood production. The East will show moderate increases for lumber and pulp uses of timber, but a decline in total timber use.—PAUL HENCKE

**END**

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Red

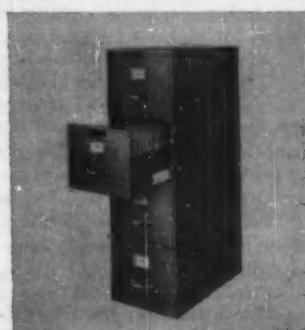
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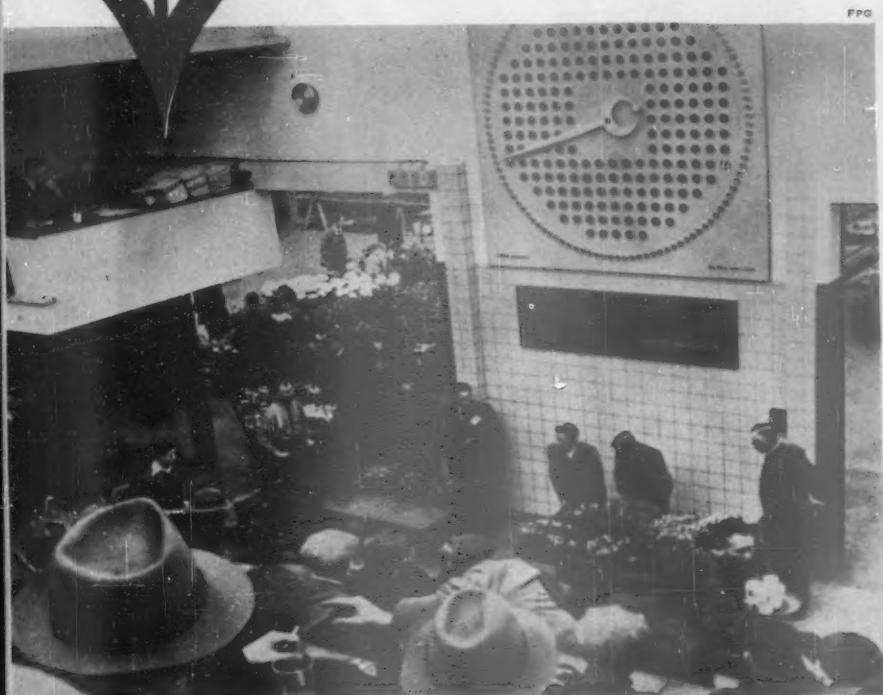
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# HOLLAND'S BULB AUCTION COLORS 20,000,000 U.S. GARDENS

By OSCAR SCHISGALL



*A single tulip bulb sometimes comes as high as \$300 as Dutch traders buy and sell flowers in industry that brings Holland \$250,000,000 a year*

**AMSTERDAM, THE NETHERLANDS:** Somewhere in the world there may be another auction sale like the one at Aalsmeer in The Netherlands, but I have never seen it. The few Americans who visit it come away in a daze.

At this topsy-turvy auction the bids, instead of rising, go downward, and the items on sale are—

Flowers!

In spite of this upside-down method of selling an unusual commodity, Aalsmeer is important to Americans for at least two reasons:

First, American householders buy some \$30,000,000 worth of Dutch bulbs every year from the industry of which this auction is a part. To put it another way, one of Holland's leading growers estimates that every autumn Dutch bulbs are planted in some 20,000,000 American gardens.

The second reason is more complex. I can best express it, I think, by quoting a Dutch exporter:

"You Americans have been spending \$5,000,000,000 a year in Marshall Plan funds to help other demo-

catic nations find a solid economic footing. In Holland the bulb industry is therefore a real asset to your own economy. In one way or another, bulbs and their flowers bring The Netherlands an income from virtually every civilized country on earth, excluding those behind the Iron Curtain. As long as it keeps flowing in we shall not be a burden on you or on any other nation."

The Aalsmeer auction is held in an amphitheater that seats about 300 persons, local dealers and exporters. Each trader has his own seat, his own electric pushbutton. He faces a huge "clock" on the front wall, its perimeter marked off in guilders and tenths of guilders. (A guilder divides into 100 cents, is worth about 26 American cents.) You hear no shouts, no spoken bids.

Tension sets in when a hand-truck trundles an exhibit of flowers into the room. These blooms have just come from the fields. If any of them are destined to leave Holland—and many are—they will have to be packed in dry ice and flown to the

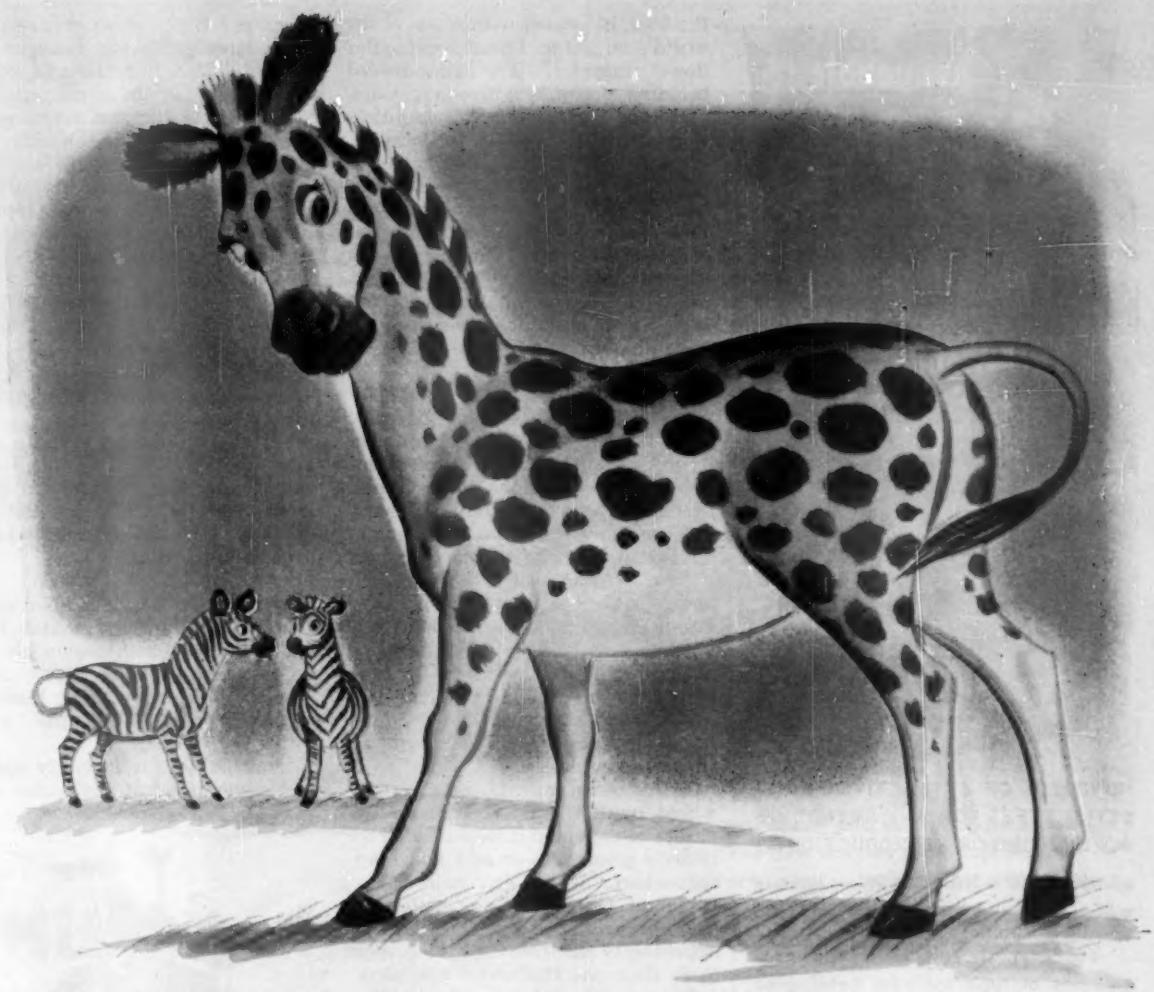
foreign market while still fresh and vigorous. There is no time to waste. Indeed, all these flowers must be sold, packed, and shipped within a matter of hours, because this industry deals in the most perishable of commodities.

Conscious of the pressure of time, the auctioneer gives the flowers a quick appraisal. If he feels this particular lot ought to bring three guilders, he turns the hand of the clock to eight guilders! That gives the grower the benefit of any doubts.

Any takers at that price? Of course not. No dealer ever pays the asking price. Thereupon the hand starts ticking downward, ten cents at a time. Down past seven, six, five guilders, and still no buyers. Finally—say around 2 guilders and 90 cents—one dealer will decide he'd better grab this lot.

He pushes his electric button. The clicking hand of the clock stops, and simultaneously his seat number shines in red numerals on the clock's dial. He has bought this lot for 2.90.

This Aalsmeer auction room, by



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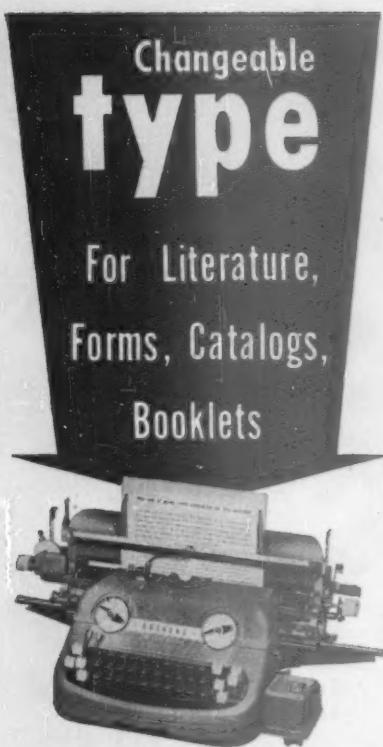
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the way, is located within one of the world's largest and most spectacular flower markets. The glass-roofed building occupies a five-acre tract, and one of Holland's countless canals has been built into its heart. By way of this canal, flower barges float into the market, either to unload or load. Later a good many of these barges will drift through the canals of Amsterdam, selling flowers at retail to the good Dutch *Huisfrau*. I have yet to see a Dutch home, rich or poor, which doesn't have flowers virtually every day.

And if you wonder how big a business this flower trade has become, you have only to drive 20 minutes by automobile to the town of Hillegom. Here you come to the stock exchange of the flower bulb industry.

I use the words "stock exchange" advisedly, though the official name of the building is the Bulb Exchange. During its business hours hundreds of growers, traders, exporters, hybridizers, and plain speculators mill about the great hall. Here they buy and sell futures—the tulip, hyacinth, daffodil, crocus, and narcissus crops that will be grown in springs to come.

It reminded me of the Chicago wheat market. Hollander are by nature too stolid and level-headed to be wild gamblers—or so I had read somewhere. But if any man has a penchant for big-scale speculation, the bulb exchange gives him all the opportunity he can desire. I met more than one Hollander who sank a fortune into futures only to discover, when the time came, that he had struck a poor market; or, perhaps, that his purchase was rendered unfit by some bulb virus.

The Bulb Exchange, supported by the 8,000 Dutch businessmen who are organized in the Associated Bulb Growers of Holland, has another unique feature. This is almost in the nature of a side operation, occupying a room of its own, where new types of tulips and other bulbs are displayed and sold. And here I have seen a single tulip bulb bring \$300!

Nobody except me seemed surprised by the price. Hybridizers and growers are constantly working on the production of novel flowers. They may be new in color, in size, in strength, in the length of time they will remain in bloom. To create a new type of tulip may require ten years of experimentation, then some 20 years of development.

Once produced, it is examined by experts at the Bulb Exchange. If found healthy and worthy of commercial marketing, it is put on sale to growers. An original new parent bulb will in time produce vast fields

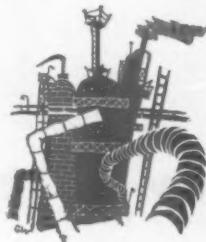
of tulips. Since some of these new bulbs have eventually brought millions of dollars into Holland, a \$100 to \$300 price is not unreasonable.

If you consider the actual prices paid for bulbs and the amounts spent by tourists who come to see Holland's flowers in bloom, this industry brings The Netherlands approximately \$250,000,000 a year—an impressive sum for a country of 10,500,000 people. It is even more remarkable when you remember that Holland's bulbs are grown in an incredibly small area—no more than 20,000 acres. Visualize a stretch of land about ten miles long and three miles wide, and that's it.

Yet this miniature domain supports not only the 8,000 bulb growers who comprise the Associated Bulb Growers of Holland; it provides jobs for 25,000 workers—farmers, sorters, inspectors, packers.

Some government officials are convinced that Americans and Hollanders are much the same type of business people. They think alike, act alike, follow the same business principles and often the same methods.

What they mean is clearly apparent in the international sales and



promotional efforts of the Associated Bulb Growers of Holland. Theirs is the kind of enterprise Americans can understand.

Every year 1,500 bulb salesmen travel out of The Netherlands to cover the world. Just before the fall selling season some 200 of them come to the United States. Starting from New York, they spread over the entire nation. They visit every state, every principal city, every large wholesaler. What these 200 men accomplish in selling their tulips, hyacinths, daffodils and other flowers becomes evident, the following spring, in practically every American garden.

Their efforts are backed by the Association's national advertising, merchandising and public relations program, an activity that goes on not only in the United States but in a score of countries.

Selling bulbs to the United States involves a few peculiar problems for



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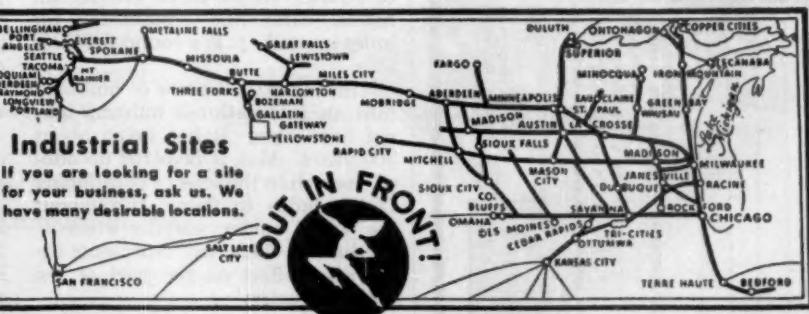
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50,000 btu  
10,000 btu

the growers. Our Department of Agriculture has set up stringent requirements for the kind of bulbs we will accept; they must meet specified size and "health" standards.

How, then, do we check on the 15,000 tons of bulbs—about 500,000,000 of them—that annually come into this country? Do we open every crate on the docks, take out every individual bulb for close inspection?

No. We do it by the simple expedient of keeping our American agriculture inspectors stationed in Holland.

By agreement with the Dutch government, our men—who live in the heart of the bulb country—inspect every bulb in the field before it is packed for shipment to the United States. This avoids creating bottlenecks on American piers; and as far as America is concerned, it makes the industry bi-national at its very source.

But the export trade is not the only way in which bulbs bring money into Holland. At home, too, the Association has made a big thing of promotion.

The tulip, hyacinth, and daffodil fields are in bloom from approximately early April to late May, and that season has been promoted into one of the world's great regional festivals. Every year some 500,000 tourists come to see the Dutch flowers in bloom. If every tourist spends only \$100 in the course of a week's visit, that means a total of \$50,000,000. The actual figure, a government official told me, is close to three times that.

One of the wisest Dutch promotional ideas has been the creation of Keukenhof, a national park at Lisse, in the center of the bulb region. The park is devoted exclusively to bulb flowers—about 10,000,000 of them last year. When they are in bloom, in early May, they turn Keukenhof into one of the world's scenic wonders. Nowhere else, even in the tropics, have I seen such a profigate display of horticultural color. And, of course, Keukenhof's crowds fill hotels, cafes and restaurants for miles around. It is a sound business idea.

Turning 20,000 acres of bulbland into an international industry has not been easy. It has taken about 300 years. Also, it involved decades of research in the science of inducing Dutch bulbs to flower throughout the world under varying climatic conditions. This, too, represents cooperative effort on the part of the entire industry.

I would not suggest, however, that in all matters the 8,000 bulb growers form a harmonious, smoothly func-

tioning team. On the contrary, business competition among them is furious.

They cooperate in matters of mutual interest, but when it comes to selling their products, it's every man for himself—which accounts for the large number of salesmen who travel over the world every year.

"But in this, too, are we not like Americans?" one dealer said. "You have your industrial associations, but within the framework of those associations your firms compete fiercely. We follow the American pattern."

An impressive thing about the flower industry is this: There may be terrible floods in Holland—tragedy, homelessness—and these may strike again and again.

But in spite of all calamities, the bulb business invariably recovers and goes on.

Maybe this merely proves what Walter Rooden, who is in charge of Holland's international bulb promotion, said to me in Keukenhof's cafe:

"It may sound like a paradox, but one of the reasons our nation is strong is that we have always had to fight and overcome disasters. When you face the constant danger of floods, you have to be always alert. On your toes. Ready to fight. People in such a position are vigorous because they do not dare to become complacent. Forever on guard, we have to be forever strong. In this, our eternal danger, lies much of the secret of our eternal strength."

Granting all this, I have met many Americans who were perplexed by what they say in The Netherlands. Holland is said to be overpopulated. It requires, among other things, a great deal of wheat. Yet, with all its vast flatlands, you see practically no wheat being grown.

Does this mean Hollanders are improvident? When I inquired about this, I was given a simple and logical answer:

"In our small territory, we could never grow enough wheat to fill our people's needs. If you wonder why we, who need wheat so desperately, grow flower bulbs instead, it is because the income from one acre of bulbs can buy three to four acres of wheat. Thus, when we grow bulbs, we are actually providing four times as much wheat as our land could yield."

To love flowers, it becomes clear, is a very practical thing in Holland. The truth is that the Associated Bulb Growers of Holland have managed to turn their country's beauty into the staff of life, and they have done it by methods which Americans can appreciate and applaud. **END**



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# MINING BOOM in an ANCIENT SEA

AMERICA this year will produce about 2,000,000 tons of refined potash—an indispensable ingredient of fertilizer for the nation's farms—from 10,000,000 tons of raw ore, mined principally in the dry bed of a prehistoric ocean.

Behind these bare figures is a saga of amazing growth and of American initiative which was willing to take a major gamble in the dark days of the depression and now has come out the winner with a \$50,000,000 enterprise, a \$1,500,000 monthly payroll and more than 4,000 employees.

So successful has this once hard-to-finance industry become that it poses something of a world-wide economic problem. Our potash production has grown 200 times since the first mine was opened 22 years ago—from 10,000 tons in 1932 to 2,000,000 tons this year, and for the first time the United States has an adequate supply—even a surplus—of home-mined potash it didn't know it possessed a few years ago.

Potash is used in the making of hydrochloric acid and other chemicals and in glass, soap, matches, drugs, high octane gasoline and in black powder, but at least 95 per cent of potash mined and refined in this country goes to plant food. Without potash and the other two main elements of commercial fertilizer—nitrogen and phosphorus—the farms of the nation couldn't produce enough food and fiber for our growing population.

More than 90 per cent of American production comes from five mines near Carlsbad, N. M.

Early American colonists, needing potash in the manufacture of soaps and explosives, made it by leaching wood ashes in iron pots. From "pot" and "ashes" had come the term "potash." By 1800, agricultural scientists recognized potash as a necessary fertilizer.

Until World War I, this country's potash came from Germany, where a cartel controlled supply and price. When that war came, the German High Command cut off shipments to America.

The American government and private concerns started a frenzied search for potash, working salt lake bottoms in Nebraska and California. The price of potash shot up from \$35 to past \$500 a ton. The biggest annual production attained during that war was 50,000 tons, just a trifle of what was needed.

After the war, the German imports rolled again, but the hunt for potash at home didn't cease. The big strike came by surprise.

In 1925, some strange-looking stuff came out in the slush of a test oil well near Carlsbad, and it was identified as potash. The oil venture failed, but the accidental strike in a potash bed converted the firm—the Snowden and McSweeney Oil Company—into the United States Potash Company.

The shaft was completed in January of 1931 and drift tunnels were started in search of ore. The first shipment of unrefined potash, known as manure salts, was in March of that year. The depression was even tighter then, but the company, having found vast beds of potash, went ahead with a refinery. It was completed in 1932, and production of refined potash that year was 10,672 tons.

Today, most potash is mined at Carlsbad and the rest at salt lake operations at Trona, Calif., and Bonneville, Utah.

By the time United States Potash Company, the pioneer, was in production, the Potash Company of America was formed in Denver; it found rich ore and started refining in 1935. Then came International Minerals and Chemical Corporation which went into production in 1940. For several years these concerns had the field, but, with the demand for potash increasing, two other companies started producing in 1952. They are Duval Sulphur and Potash, of Texas, and Southwest Potash Corporation, a subsidiary of the American Metal Company, Ltd.

Presently, two other concerns, Freeport Sulphur and the National Farmers Union, with headquarters in Denver, hold claims and leases and have announced indefinite plans to sink shafts and erect refineries—this despite the fact that it now costs \$10,000,000 to get into potash production on a major scale.

A potash mine is a sparkling, busy, mechanized world. One mine has 200 miles of tunnels through which a man could zip in a jeep. From the bottom of the shaft, tunnels slant off in every direction into the crystal sea of rosily-tinted pastel hue. The mine's ceiling, ridged like lazy ripples on a cool lake, is solid salt 500 feet thick.

An electric locomotive clanks up hill and down for miles in the tunnels, which are laid off like the streets of a town, with markers at the corners. The direction of a tunnel depends on the way the pink potash bed happens to run.

In mining, the floor is kept even—smooth, crystal clear salt paving—by the use of an undercutter which saws back nine feet in the face of the ore. Powder blasting brings down tons of ore. An automatic loader lifts the ore on a shuttle buggy, which squeaks away to a rail line. The ore is loaded automatically on the cars. The train pulls out for the shaft and dumps its load in a bin. A skip loader takes multi-ton bites of the ore up the shaft and deposits it in the crushing mill, and conveyors haul it to the refinery, which uses the flotation system of separation.

The miners have it slick. Nearly every chore is done by machinery—the undercutting, drilling, blasting, loading and haulage.

The mechanical mining which enables the five Carlsbad mines—rain or shine—to pour out 8,000,000 tons of raw ore a year is one of the main reasons for the current oversupply. But there are temporary contributing causes such as the decrease in farm income and widespread drought in the southwestern and midwestern farming belts. During the past year of dry weather, farmers couldn't use as much fertilizer as usual.

However, this is not a gloomy situation. If, as experts predict, our population continues to increase and the demand for food grows, there must be fertilizer to produce it. Now we have known reserves in that ancient Permian Sea sufficient for at least a century. **END**

—LEWIS NORDYKE

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## Earth Movers Shape the Future

(Continued from page 29)

Australia, the Belgian Congo-American dirt-digging equipment is changing the face of the earth, cutting a more prosperous economic destiny for millions of people who have been hungry for centuries.

Dr. Margaret Mead, the anthropologist, before World War II studied the natives of the Admiralty Islands in the South Pacific, the most primitive people on earth. On returning to those islands not long ago, she discovered that the natives were clamoring for the bulldozers they had seen U. S. soldiers operate. Prehistoric lake-dwellers, nonetheless they wanted to remake their world.

The rapid recovery of war-torn nations, the swift modernization of many backward areas, can in large part be attributed to the phenomenal growth in the past 50 years of a uniquely American industry: the manufacture and worldwide distribution of excavation machinery. These earth-moving tools are as fantastic as Martian mechanisms described in science fiction. Though created in the United States, they are not familiar to most Americans because they work, as it were, behind closed doors. In the cities, where deep excavations are dug for skyscraper footings, the sites are usually walled off with boards. On the countryside, the machines usually work in a path of desolation, inaccessible and even forbidden to passenger automobiles.

The excavation machinery industry in America today probably represents more than \$1,000,000,000 in capital investment and produces about \$2,000,000,000 in equipment a year. It employs almost 2,000,000 men and, with other contracting machinery, manufacturing already comprises almost 15 per cent of the country's industrial output.

But it was the romance of the earth-smashing and earth-moving industry, rather than its magnitude, that sent me on a 5,000 mile trip over the nation to examine its ramifications. It has created a new frontier for adventure and profit, and a new occupational outlook for youth. As many children today are playing with toy tractors, power shovels, trucks and scrapers as with cowboy pistols and toy airplanes.

Herbert L. Nichols, Jr., who manages a 135-acre estate near Greenwich, Conn., told me that he took up the study of excavation machine operation in 1934, at the same time he was taking flying lessons. He was

breaking in an old Mead-Morrison power shovel by cutting out topsoil to pay taxes on the estate.

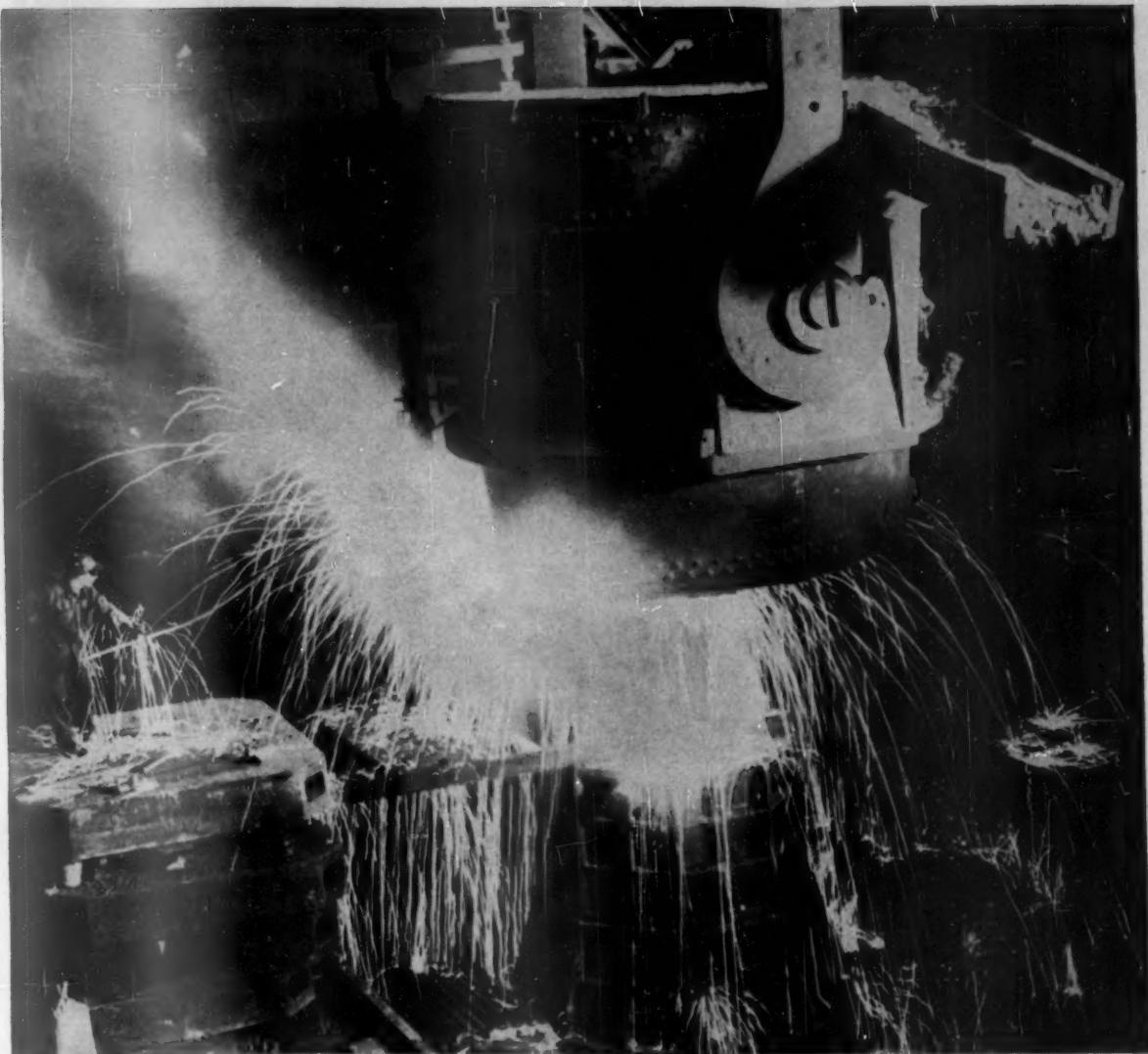
"The shovel and the plane," he told me, "had the same kind of foot pedals. That's the only thing they had in common. The one was a heavy, cumbersome, earthbound machine; the other a delicate thing, wishing for the stars. But the shovel was more fun. So I gave up flying lessons and became a dirt-digger. The big machine gave me a sense of power. I, a man of average size, could walk up to a mountain—and move it!"

Mr. Nichols has written a handbook, "How to Operate Excavation Equipment," which sidewalk superintendents as well as operators find interesting.

The heroes of earth-moving machines are the great power shovels and the giant bulldozers. The largest power shovel of which I have record was put to work during the coal shortage of World War II, to speed up the stripping of rich beds lying from 25 to 75 feet under soil near Georgetown, Ohio. This machine could remove 35 cubic yards of earth, enough to fill a 9 x 12 room, with one bite. If placed in the center of a regulation city block, it could reach into the next block and pile dirt atop a seven-story building 240 feet away.

In one month the shovel moved more than 90,000 cubic yards of earth, which is more than 3,700 laborers could have moved by hand. Later, its capacity was increased to 45 cubic yards, a bucket large enough to serve as a garage for a good-sized truck. To appreciate the size of the monster, consider the fact that a one half cubic yard bucket suffices to dig cellars and such, and





## Suppose steel couldn't price its own product

The steel companies and the railroads have a great deal in common. Each is basic to the nation's economy and defense. Each is a large and good customer of the other.

However, while steel management is entirely free to exercise its judgment in adjusting prices to obtain business and meet competition, railroad management is not. It is prevented from doing this by regulations originally aimed at curbing railroad monopoly, a situation which disappeared many years ago.

Steel can adjust its prices overnight by management decision—

which is as it should be in a free economy. The railroads must first submit proposals to the government before they can raise or lower rates, and then are frequently subjected to delay.

Steel can quickly stop the manufacture of any item which dwindling demand causes to be made at a loss. The railroads are prevented from abandoning many unprofitable services without recourse to long and involved regulatory processes—and then are often denied approval and forced to continue unneeded services at heavy expense.

Because of these and many other inequalities, the railroads—vital to the country and its economy—operate under increasing difficulties that handicap their managements in taking steps aimed at giving the best possible service to the public.

The railroads do not seek relief from all regulation. They ask only that the regulations under which they operate be modernized in line with today's highly competitive conditions in the transportation industry... Eastern Railroad Presidents Conference, 143 Liberty Street, New York 6, N.Y.

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that a two and one half yard bucket will impress the average sidewalk superintendent.

Bulldozer models are even more varied than motor cars. Whatever the model—a two-ton, 40 horsepower toy of a job such as those designed for air-borne duty; a crawler, or the high-wheeled speed demon created by Le Tourneau-Westinghouse—it is sure to draw a crowd if operating in sight.

The largest bulldozer in the world, the D-9X, is now being tested by the Caterpillar Tractor Company of Peoria, Ill. It is 18 feet long, 12 feet wide, ten feet high, and weighs 31 tons; its 200 horsepower is 50 more than the next largest dozer.

Little less spectacular are the huge scraper-loaders, which cut up earth like wood planes shearing wood. The excavated earth boils up into the bowl or bed of the monster at the rate of 18 cubic yards in 30 seconds, then is carried away to a dumping ground or fill at 15 or 20 miles an hour. These machines ride on enormous rubber-tired wheels that maintain their traction even in mud.

The mightiest movers of earth, little known to the public because used principally in strip mining, are the gigantic walking draglines, a variation of the shovel and crane. The largest, weighing 2,450,000 pounds, supports a 250 foot boom from which a 25 cubic yard bucket is dropped by cable. Another cable drags it back toward the operator, gouging and tearing out earth as it comes. Once filled, the bucket can be elevated and swung around to any position within the radius of the boom for dumping. Not all draglines are "walkers"; some are on caterpillar tracks.

Then there are the power hoes, a kind of backhanded shovel; diggers which load their earth into a conveyor belt; a variety of other machines. The new trucks to carry off excavated earth are themselves formidable creatures, with bodies of oak overlaid with sheet steel. Their cabs are so high that the driver looks like a midget in a second-story window.

A comparative newcomer is the Grade-All, manufactured by the Warner and Swasey Company of Cleveland, a kind of finishing shovel which can reach into ditches or up sloping grades to smooth or level the earth. It may be used as a ditcher, a crane, or a finishing grader. One contractor claims it can pick up a 50 cent piece from a sidewalk.

A more startling innovation is the so-called Electric Wheel, invented and produced by R. G. LeTourneau. This is a tractor with four electric

motors, one to turn each wheel separately, eliminating the friction of transmission and greatly increasing traction. It is especially useful on sandy deserts and jungle wastes.

The American operator of such earth-moving equipment is to the pick-and-shovel man of long ago, the so-called "humper," what a jet pilot is to a boy who jumps off a barn with an open parasol. The humper, usually poor, was provided a tent, a grub stake, a pick, shovel and wheelbarrow, and powder to blast rocks. He camped at the site of his work. From dawn to dusk he could not hope to fill the five-yard bucket of a modern power shovel.

The modern dirt-digger, by contrast, is an aristocrat of skill, earning about \$3 an hour. He may drive a flashy car to the job and can work a nine-hour shift in an electric shovel without flecking his sports clothes.

Cecil Smith of Englishtown, N. J., a massive, genial man and a veteran shovel operator, rides a five-cubic yard shovel down the New York Thruway. He sits on leather upholstery like an office worker while throwing a bewildering array of levers and clutches. The man who gets dirty is his oiler, serving a four-year apprenticeship to become an operator. When the boss wants a smoke, he may permit the oiler to try his hand at swinging the big bucket.

Mr. Smith serves two trucks at once, one parked on each side of his shovel. Three bucketfuls to each truck and the big carriers are filled. In nine hours he disposes of about 5,000 cubic yards, where the old pick-and-shovel man could move about three yards a day. His shovel represents, with the generators supplying it 4,000 volts of power, an investment around \$250,000.

If a power cable snaps in the shovel, or any other part gives way, it is a major catastrophe to the contractor. It may mean the loss of thousands of dollars. Emergency trucks loaded with welders, machinists and mechanics swarm to the scene to get the big dipper working without delay. But the repair crew may find a temperamental prima donna in a master like Cecil Smith. Usually he has adjusted his controls and cables as carefully as a pianist his strings, and may blow his top when mechanics begin fooling around with his shovel. Shovel men must be handled with kid gloves, for good ones, gifted with fine coordination, are hard to find.

The hallmark of the superior shovel operator is precision. One of them, I was told in a bull session with dirt-diggers, could crease a fedora hat perfectly with a clam-



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## COTTON TOWELS\* are used at New York's new Airlines Terminal



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shell bucket lowered from a 100-foot boom. Mr. Smith claimed that as a crane operator he could lower 50 tons of steel, and crack an egg on the ground without crushing it. I heard the story of a dragline master who could brush the cap off a worker's head with a bucket on a 150-foot boom.

One of the most dismal sights on earth is the spectacle of an earth-moving army bogged down in the rain. As the precipitation increases, the windows of the shovel cab are blinded by rain drops. The trucks begin to mire down as the rain becomes a downpour. Bulldozers begin to careen. A giant shovel, attempting to crawl deeper into its mucky diggings, lurches, leans and crashes. The contractor tries to bring in a truck-mounted crane to right the shovel. The truck skids as the crane hoists, and the truck goes over. In a matter of an hour a corps of smooth-working machines becomes a mass of useless monsters. Losses mount into thousands of dollars, and it may take a week to get the job going again.

Before unionism quenched competition among individual operators, feuds often developed. Old-timers tell tales of intrigue and sabotage. Machines would be tampered with in the night, pulley axles broken, steam engines damaged. Today the competition is no longer between individuals but between different makes of shovels. One operator will hold out for the virtues of, say, a Lorain, against those of a Northwest or a Bucyrus-Erie. Another may contend that a certain shovel is better on a rock-shovel job and, to prove his point to a contractor, will wreck a machine of another make by mis-



handling it. This is by no means common practice.

Bulldozer operators—catskinners in the trade jargon—may be judged by the care they take of their machines, as well as the volume and precision of their work. A so-called cowboy or roughrider, nicknames for catskinners who revel more in the power than the precision of a tractor with a steel blade in front, are menaces. They sometimes crash into heavy stones head-on, fail to dislodge them and burn off blade edges by friction.

But the competent man can hew a

grade with the exactitude of a pattern cutter and leave a tidy excavation behind him. His job is more difficult than the shovel man's. Unable to see through his blade, he must work with a sense of touch. Yet it is a job that a woman can do. Mrs. Geneva Filler, 38 years old, mother of four and a leader in her church and PTA, has been operating a 66-horsepower bulldozer for three years, building roads in Brooklyn, Ind.

Youngsters who aspire to bulldozer operation usually apply at union locals for apprentice jobs. Some of them find opportunities to attend factory schools, though excavation machinery distributors do most of the educational work. A few colleges have at one time or another given courses in earth-moving. A bright young man can learn much from observation in the field of excavation projects and go into business as a contractor-operator without the necessity of joining a union. It is a business that calls for both capital and stamina. The contractor is no less heroic than his machines. Rain, landslides, equipment breakdowns and unexpected eventualities are his greatest enemies. He must make the grade on the deadline or lose his shirt.

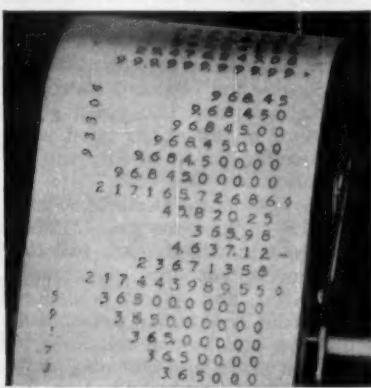
Earth-moving machinery has been among men's dreams through the ages. Leonardo da Vinci and, much later, Robert Fulton, invented excavators of a kind, though neither proved practical. The first mechanical shovel, probably horse-powered, was produced in France early in the nineteenth century. But the modern flowering of such equipment has been American. It began partly in 1885 in Stockton, Calif., when Benjamin Holt applied the treadmill idea to a combine reaper he had perfected. That was the genesis of the Caterpillar tractor, which became a reality by 1904. The Caterpillar Tractor Corporation, which grew out of the Holt business, celebrates its fiftieth anniversary this year.

New processes in steel tempering gave impetus to the development of earth-moving machines. The greatest push came in World War II with the necessity of clearing jungles in the South Pacific for roads and airfields from which to get at Japanese power. Bulldozers in particular played a vital role in the war.

But the earth movers are at peace again. They are cutting roads, building dams, irrigating deserts, and hewing a path of good will for America. In many places, indeed, they have become a symbol of American engineering prowess, economic achievements, and peaceful intentions.

END

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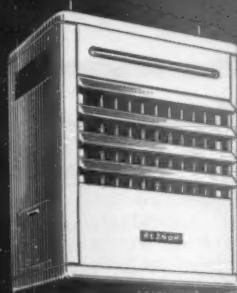
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JOHN LEWIS STAGE

Bertha Stronach is one CPS of 360. New exams may triple this number

## **Secretaries try for QUALITY CONTROL**

*Exams this month will test  
girls seeking Certified Professional  
Secretary rating*

SEVERAL thousand good secretaries around the country will take some stiff examinations this month to try to qualify as tops in their profession and earn a title that will announce to the world that they are the best in the field.

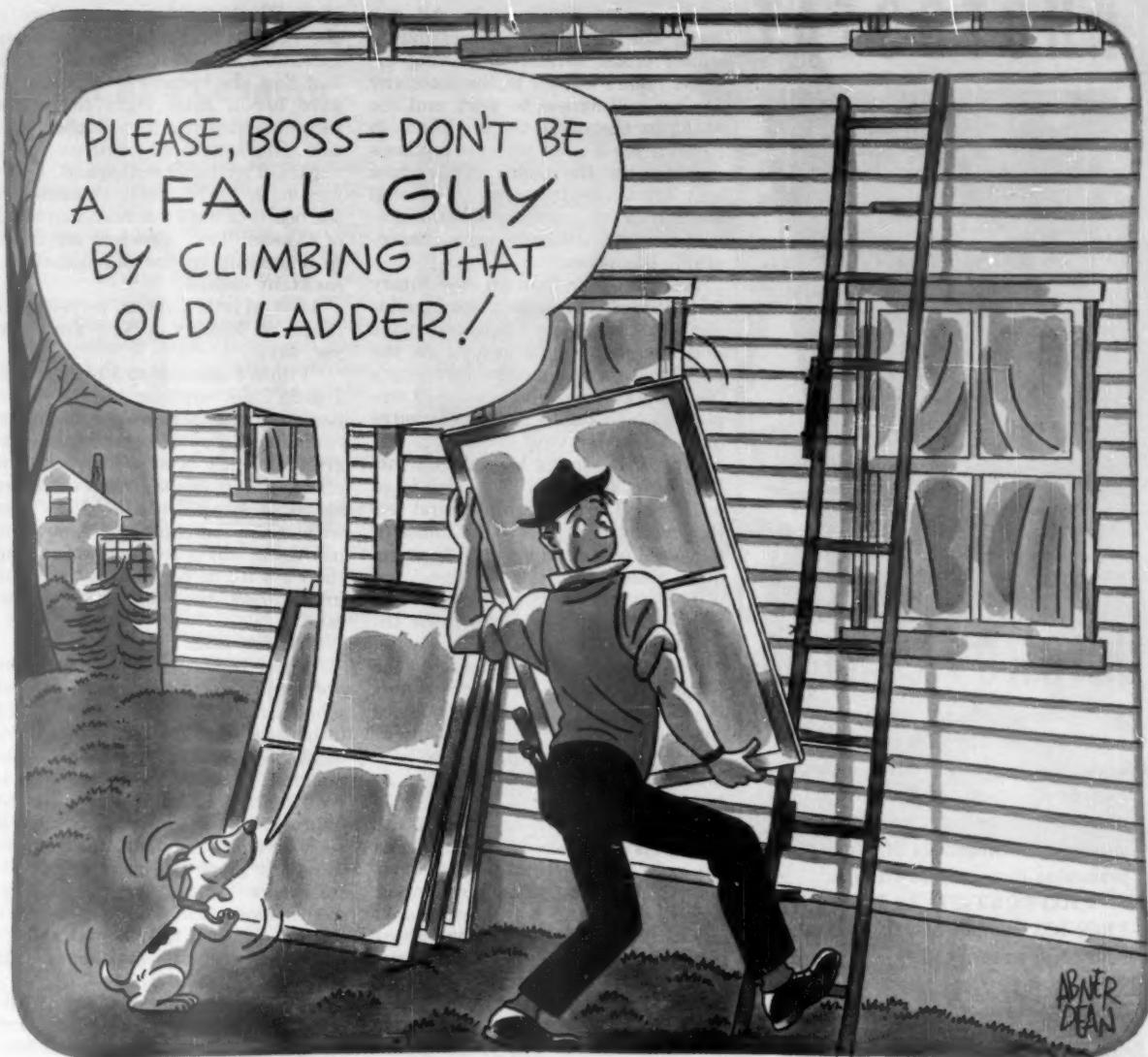
The title the girls are after is that of Certified Professional Secretary, usually known as CPS, which might sometime have the same significance to the secretarial field as the letters CPA have in accounting. Hire a CPS, says the National Secretaries Association, and you get a girl of standard qualifications upon whom you can depend for quality and performance.

The graduate Certified Professional Secretary must pass a 12-hour examination which takes two days and covers not only stenography, secretarial and office procedures, secretarial accounting, personal adjustment and human relations, but also economics and business administration and even business law. The

tests, which this year begin on Oct. 8 in 50 areas around the United States, are tough, and if a girl can pass them she's good.

Take Miss Bertha Stronach, one of the first to make it. She is secretary to David R. Breien, treasurer of the Lummus Company, of New York City, which has 7,352 employees and constructs refineries and chemical plants all over the world. When you telephone his office, her pleasant voice answers, and when you tell her what you want, she gets the idea immediately. If your visit brings you into the office, you meet an attractive young woman who sits poised at her desk and is obviously ready to help you.

If Mr. Breien isn't in, Miss Stronach takes you directly to the person who can help you because she knows the company and the jobs of the people in it. If it's all right with you, she may handle the matter herself because she's used to taking responsibility—and doing it without be-



Falls cause more accidental deaths than drowning, burns, poisons, and poison gases combined. Don't risk life and limb on rickety or insecurely placed ladders. Don't stow things on stairs or in halls. Don't wander around the house at night in the dark. Don't use scatter rugs on slippery floors without non-skid rubber fabric pads.

*This advertisement is one of a series in the interest of accident prevention.  
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coming officious about it. All day long, she handles a succession of minor crises without becoming excited. She's known in the company for her willingness to work and she stays in the office till all hours to finish a job if need be. She prepares minutes for the board of directors and knows engineering terms well enough so she can handle communications with the company's innumerable engineers.

She has more than an elementary knowledge of accounting and handles records, insurance, pension plans and tax matters pertaining to the executive payroll in the company's New York office, which has 833 employees. She has a good knowledge of business law and checks the accuracy of the many legal documents that cross her desk. And she is so well versed in stenography and letter writing that she writes most of her employer's letters that don't require policy decisions.

The perfect secretary? Just about. She was the model to whom the Institute for Certifying Secretaries, which prepares and supervises the CPS examinations, referred me. Formed by the National Secretaries Association, the Institute includes representatives from business, educational and secretarial fields.

Institute members say that all the CPS girls are good. Right now there are only 360 Certified Professional Secretaries throughout the United States, candidates who have passed one of the CPS examinations given in the past four years. But so popular has the idea become, according to Dr. Estelle Popham, of Hunter College, N. Y., who acts as dean of the Institute, that this year's exams are expected to triple the number. Qualified secretaries who wish to take the exam may apply to the Committee on Qualifications of the National Secretaries Association, 25 East 12th Street, Kansas City, Mo., and businessmen seeking CPS secretaries may write to the same address.

To qualify, a girl must have had seven years' secretarial experience unless she's a high school graduate. If so, she can get by with six. Business school and junior college graduates must have had four years' experience, but a college graduate can get by with three.

Nice things happen to people who pass the exams.

Mrs. Mary T. Young was recently elected assistant secretary of Textron, Inc., Providence, R. I., the only woman officer of the company. She feels that her CPS rating has had much to do with her promotion.

Mrs. Anna M. Adams says her

boss, W. J. Goldston, president of the Goldrus Drilling Company, Houston, Tex., was so proud of the fact that she became a CPS that he gave her a raise right away and recommended her for a higher position. She is now corporate secretary.

Mrs. Phyllis Runnestrand, secretary to J. D. Mitchell, chairman of the board of the First National Bank of Odessa, Tex., also was advanced to officership in the organization—assistant cashier.

Miss Myrtle Crooks, secretary to Mark W. Maclay, a New York lawyer, says:

"I didn't advance to a higher title. I didn't get another job. But the personal satisfaction and increased confidence the CPS certificate has given me has been well worth the effort. A certificate gives a secretary status. I know I can hold my own with other secretaries. I know I'm not using out-dated methods. And there's a lot of personal satisfaction in knowing the boss knows your rank."

Says her boss:

"These CPS certificate holders are not just gals who go to shorthand school and think maybe they ought to be a secretary. CPS shows them what they ought to be; it's like a professional degree. My secretary was good before, but now she's alert to improvements and always reading a book on office management or something. It gives the secretaries self-confidence. But it benefits the employer most. He knows what he's getting. If I had to hire another secretary, I'd certainly look for a CPS girl."

"If a girl gets one of those certificates, she's tops," says Robert Slaughter, vice president of the McGraw-Hill Book Company and a member of the Institute. "It automatically makes her a sort of administrative assistant."

"In no time at all, a secretary will be able to go to any part of the country and get a job by showing her certificate," says Dean Popham. "Also, it's a good way for the older secretary to beat the age factor. On the whole, it gives the girls a measuring rod for themselves and we can see that it's already adding glamor to a profession that needed glamorizing badly."

"Businessmen love the idea of being able to pick a qualified secretary without trial and error," adds Dean Popham. "Those who know CPS consider it an outstanding contribution to business methods. So far, I've heard only one general complaint about CPS secretaries: They're still too hard to find." END

—PHILIP GUSTAFSON

## School for Jet Age Leaders

(Continued from page 35)  
settled we would like a fixed annual intake of cadets instead of a fluctuating number, as at West Point, where the vacancies range from 625 to 750 a year. That upsets the question of faculty for four years. You have a smaller faculty for a small class but have to build it up when the intake is large. If we can have 750 cadets a year, with the attrition rate of West Point we would graduate a class of about 600 a year."

The question of a cadet uniform has not been settled, but many of those concerned with the Academy are inclined to the Annapolis idea. Use the Air Force officer's uniform with cadet insignia. That way the graduate continues wearing it when he is commissioned, adding his officer's insignia. The smart, gray uniforms of West Point cadets become obsolete with graduation and either go into mothballs or are passed on to cadet friends.

For the first year, the faculty will consist of about 62 professors, associate professors and instructors in seven departments. General Harmon is telling all prospective faculty members that they are on probation, with "acting" before their titles until they prove themselves.

He expects to get virtually all the 62 from the ranks of the Air Force, which has more than enough Ph.D.'s and M.A.'s among its regular and reserve officers. He is assembling the faculty now so that they may plan carefully together for that first class in July, 1955. Some of them will be sent to various colleges and universities for postgraduate work to be in top form for their new duties. Air Force officers are eagerly seeking teaching positions at the Air Academy.

Here are two of General Harmon's key appointments:

Brig. Gen. Don S. Zimmerman has been named dean of the faculty.

He is 50 years old, a native of Eugene, Ore. Although he received a second lieutenancy in the infantry, along with his M.A. degree from the University of Oregon, he resigned his ROTC commission to enter West Point in July, 1925. Four years later, emerging as a second lieutenant in the Corps of Engineers, he went to the flying schools that made him a pilot. His first regular assignment was assistant commandant of cadets at Kelly Field. Then came a wide range of assignments and post-graduate work, including a stint at



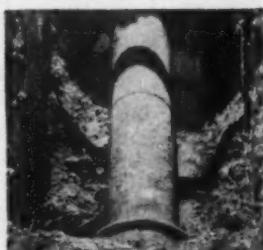
## The babe that bathes 10 million times a day!

Ten million tots a day take to water! About 100 million of their elders draw on public water supply systems for over 100 gallons per person daily. Industry, too, has a giant thirst—65,000 gallons of water to produce one ton of steel! And by 1975 the demand for water will double!

Yet it rains no more today. Result: last year a thousand American towns faced water shortages. Waterworks engineers are doing a herculean job. But they need your help urgently.

As an individual, conserve. As a businessman, check into water savings in manufacturing. As a citizen, get the facts about your community's water problems. Support realistic water rates. Take an active part in efforts to increase your vital water supply... now and for the future.

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California Institute of Technology, instructor at Randolph Field, student at the Air Corps Tactical School, instructor at West Point and another course at Cal Tech.

The war took him to the Pacific as assistant war plans officer of the Fifth Amphibious Force, and with the U. S. Strategic Air Forces. Since the war he has served in the War Department General Staff and as assistant military air attache in London. His last assignment before his selection as dean of faculty was in Tokyo, as deputy chief of staff for intelligence of the Far East Air Forces.

Col. Robert M. Stillman has been appointed to the coveted position of Commandant of Cadets. He is 42 years old and a native of Pueblo, Colo. He spent two years in Colorado College before going to West Point in 1931. Then for postgraduate work he went to the flying schools at Randolph and Kelly Fields. He was shot down in 1943 while he was in command of the 322d Bomb Group (M) in the European Theater and was a prisoner of war until April 29, 1945.

After the war, Colonel Stillman, having been decorated with the Silver Star, the Legion of Merit, Bronze Star and Purple Heart, went on to higher education at the Armed Forces Staff College and the National War College.

Since the Academy will have no backlog of cadets—seniors to act as cadet officers, as at West Point—the Air Force is selecting 50 officers to supervise the first class.

"They will do the all important job of indoctrination," said General Harmon. "They will be the junior military trainees. They will live, sleep and eat with the youngsters. These officers will be a select group, graduates of the pilot schools. They will represent a cross-section of the Air Force, and include graduates of West Point, the Naval Academy and civilian schools—everything that goes to make up the Air Force."

The curriculum has been prepared in minutest detail, though it is subject to change after the faculty assembles. It was devised with the participation of leading civilian educators and members of the faculties of West Point and Annapolis early in 1949 in the Air University at Maxwell Air Force Base, Montgomery, Ala.

The seven departments in which the first class will study are:

Scientific Division: Mathematics, Chemistry and Physics, and Engineering Drawing.

Social-Humanities Division: English, Geography, Philosophy, and History.

In the second year Psychology and Law will be added. In the third year, Mechanics and Materials, and Electrical Engineering; American and Comparative Governments, and Economic and Comparative Systems. New departments to be added in the fourth year are Thermodynamics, and Aerodynamics, and, as an elective study, Aircraft Design; while the Social-Humanities Division will be rounded out by the addition of International Relations and



Military History, with a foreign language as an elective course.

Along with this academic course will go, throughout the four years, the airmanship program, including basic military training, physical training and team sports, flying training up to the point of piloting light aircraft, with 30 hours of dual and 20 hours of solo flying time; and leadership training, from the precepts of loyalty, integrity and personal honor right up to upperclassmen's duties as managers, coaches and intramural officials.

General Harmon, who will supervise all of this, is five-feet-six and weighs 130 pounds. But he packs a lot of drive, a lot of energy, humor, enthusiasm, and military experience ranging from coast artilleryman and infantryman to command pilot, combat observer and aircraft observer. He won the Distinguished Service Medal twice, has the Legion of Merit and the Distinguished Flying Cross.

"Doodles" Harmon was a classmate of President Eisenhower in the West Point Class of 1915. The President remembers him as a slight fellow who insisted on playing football and won his letter as a quarterback.

General Harmon was born in Chester, Pa., on April 3, 1892, and in a sense he will go one step higher than his dad. Millard Fillmore Harmon, West Point Class of 1880, became commandant of cadets at the Pennsylvania Military Academy.

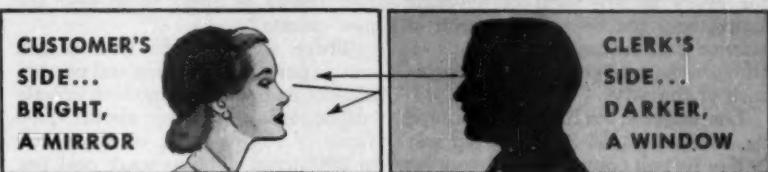
During World War II General Harmon was commanding general of the Sixth Air Force in the Pacific, and in 1943 became deputy commander for air of the South Pacific area. When the day of retirement came on Feb. 27, 1953, he was senior Air Force member of the Military and Naval Staff Committee of the United Nations. But he didn't retire. He started his new career of fathering the Air Academy. He believes this is the greatest mission he has had in his life.

Half-hearted young men had better not apply for the Air Academy. General Harmon wants fellows who will dedicate themselves to the Air Force and their country. Here's the type he's looking for:

"We want in this Academy boys who are intelligent, of course, but we want to get the emphasis on leadership. We want young men who want to fight, young men who want to fight in the air for their country. We want courageous fellows, youths who want to take a challenge and meet it. We want the venturesome type, the pioneer lad. We'll give him plenty of opportunities to exploit these traits."

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**Robert Trent Jones, Jr., directs construction of new golf course at Fort Lauderdale**

BY ERIC — BY

# **U. S. HAS 5,000 GOLF COURSES; 4,000 OUT OF DATE**

**By PAUL GARDNER**

*With 5,000,000 players using modern equipment, many greens committees see the need for modernizing facilities. Here are the problems they face and suggested solutions*

GOLF in America has reached an all-time high in popularity. Sparked to some extent by the example of President Eisenhower, 5,000,000 golfers play on 5,000 courses, and the value in land, club houses and golf course construction approaches \$2,000,000,000.

Yet thriving communities, fighting for every square yard of dwelling space, and the relentless march of science and transportation are battling the normal growth of golf every inch of the way.

Los Angeles, for instance, doubled its size in the past 20 years, but lost half of its golf courses. Seven courses

in New York and New Jersey alone were remodeled or replaced because of the extensions of the throughway.

Fred Corcoran, promotional director of the Professional Golfers Association, says: "It's getting so that when a golf club is forced to move for one reason or another, some members actually will pick up and buy new homes in order to be near the new course."

There is no doubt that a golf course possesses a charm and personality of its own. The modern private course today requires about 7,000 yards of rolling land, or about 160 to 200 acres. The average cost per

acre is about \$1,500. But there is a wide range. Prices may go from about \$20 an acre in a small, remote country town, to \$7,000 or \$8,000 an acre for the fabulously wealthy Houston Country Club. At Houston, a few sorely needed acres cost \$12,000 each.

Since insurance companies and other lending agencies are somewhat shy about lending money to golf clubs —a hangover from the depression—funds usually must be found by a sizable investment within the membership. This often reaches \$2,000 to \$5,000 per unit.

"Taxes on golf courses are too

## How experts modernized first hole at site of National Amateur Championship

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high," says one authority. "The game is considered a luxury, but 60 per cent of the golfers today play on public courses. It is no longer a rich man's sport. The 20 per cent tax on membership should be reduced."

With all of the obstacles in the way of golf courses, from communities taxing clubs out of existence to supermodern equipment threatening to antiquate them, the sport is, nevertheless, bursting at the seams. Some 250 golf courses are being built right now. Eventually, America probably will support 15,000 golf courses.

The trend to industrial and community golf courses is especially pronounced. The National Cash Register Company is the latest organization to complete a million-dollar 36-hole course.

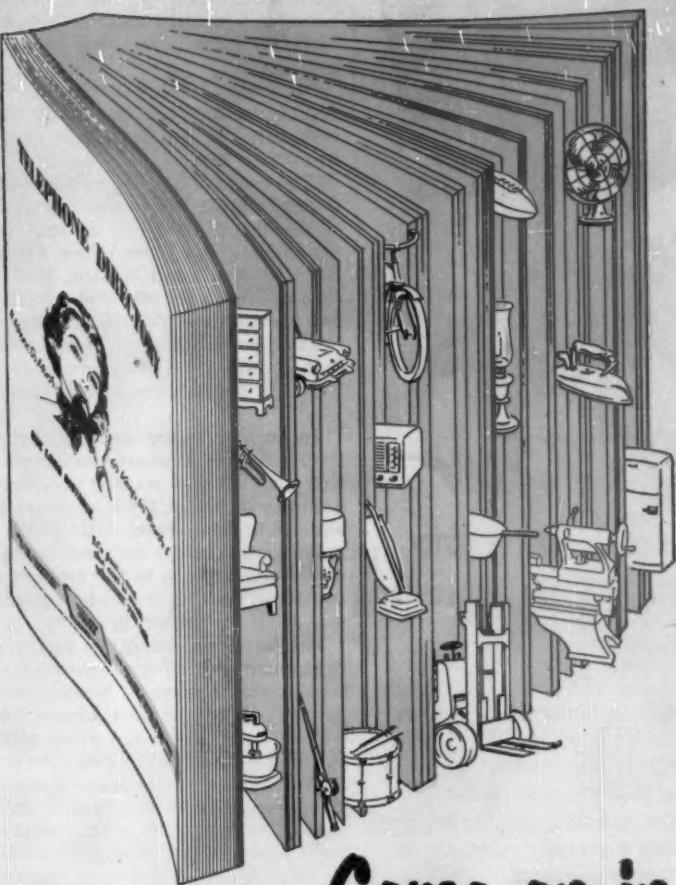
How much a golf course will require for construction varies with local conditions. Where there is a meadowy terrain as in Long Island, with natural green sites and an unlimited supply of water at low cost, an excellent golf course may be put up for \$150,000. Where there are rocks or swamps or trees to a considerable extent, the costs may reach \$1,000,000 as in Banff and Jasper in the Canadian Rockies.

There is a golf course in Brooklyn which will eventually cost almost \$2,000,000 and yet will save money for the people of the City of New York. This is the Marine Park 27-hole course which has been in the works since 1945. The course is being built of sanitation fill and debris and will be a thing of beauty when it is finished in three or four years. It will be a beautiful park on land that will be worth close to \$4,000,000.

"The average cost today should run from \$175,000 to \$225,000," says Robert Trent Jones, Jr., one of America's leading golf architects. Mr. Jones, who, incidentally, is not related to Bobby Jones of Atlanta, Ga., is one of the 15 members of the American Society of Golf Architects, and a consultant to 30 courses. A resident of Montclair, N. J., he worked on Baltusrol in that state for the 1954 Open Championship, and for many other Open events, as well as for the Masters tournaments for the Augusta National.

"People become misinformed," Mr. Jones says. "They always believe what they would like to believe. They are told their course will cost practically nothing. Somebody will say: 'I've got an outfit that will do it for \$50,000.' The group winds up spending \$150,000."

Mr. Jones had that experience in one city several years ago. Comparative amateurs built a golf course for \$150,000. There were only nine short holes, and the group found it



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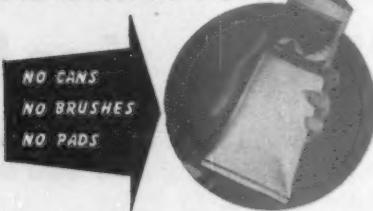


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most unsatisfactory. Mr. Jones was called in to correct the situation, and \$200,000 more was spent to get it into shape.

"It should have cost no more than \$150,000 altogether and could have been done for that in the first place," Mr. Jones says.

The time it takes to build a course depends upon the desire for speed. Generally, directed by an architect supervising five men using a bulldozer and a small tractor, the job should take from one and a half to two years on a suitable site. If people are in a hurry, as in Fort Lauderdale last summer, they may plunk down \$200,000 for a three-month special job.

In an emergency such as that at Fort Lauderdale where the membership decided they wanted the course ready by January, 1955, all the stops were out. The speed with which a golf course can be finished bears a direct relationship to the amount of equipment put on it and how highly organized the project is.

At Fort Lauderdale, 15 pieces of equipment and 25 men operated on an assembly line basis. Some groups worked on one hole, some on another, a third operated on the water problem and a fourth on the drainage.

The builders brought in big earth-moving equipment able to pick up 20 yards at a bite, such as that used to build superhighways. Small tractors for ploughing, disking and harrowing; trenching equipment for digging trenches for tile and water pipe; specially devised units which follow the tractors for planting the grass; big shovels with "clamshells" to create lakes and to dig up marl to be put on the fairway to improve the consistency—all these were used at Fort Lauderdale.

"Actually," says Mr. Jones, "the cost of building a golf course today is no more than that of 20 years ago because of the labor-saving devices."

In the early days, seven teams of men would need a week to shape a green. Nowadays, with the big bulldozer, the same job can be done in a day and a half. Golf courses were trimmed in the early days by a team of horses drawing a little sulky mower about 36 inches wide. (In Rio de Janeiro, courses were built with oxen.) Today, in America, courses are mowed by tractors with dual wheels to prevent slipping. And mowers are available with flexible frames which can take side hills and undulations in stride, can cut with the contour of the ground and slice through roughs at 20 miles an hour.

Many country club board members will ponder for two or three years before they decide that they want to go ahead with a new club;

then there will be a sudden spurt and a demand that the course be completed by yesterday. It isn't that easy.

Fifty per cent of the new clubs are being constructed by professional golf architects. The others are under the supervision of a local engineer, greenskeeper, or a pro or landscape architect. Any group of men starting out to organize a golf club should call in an expert architect at the beginning, Mr. Jones advises. He may examine four or five sites, thus saving the backers considerable grief in the end.

The science of building a golf course has come a long way in America since one Robert White laid out a course in New Salem, Mass., for \$10.30 some 60 years ago. Architects today frequently work for a percentage of the costs on a new course.

The first golf courses were devised in the twelfth century in Scotland. Devised is a charitable word, because the courses were set on the "linksland" which marks stretches of sandy soil deposited by the ocean tides. Technically, a golf links today is situated on sand along a coast; otherwise, purists insist that it is a golf course.

When the transition from the feather ball to the gutta-percha ball popularized golf a century ago so that it spread to England, the Continent and America, golf architecture was still in an antediluvian stage. The Scottish pros, transplanted to America, later would stake out nine holes of a Sunday afternoon; for effect, the holes would be marked by such hazards as railroad tracks and stray chicken coops. Experts like Charles Blair MacDonald and Donald Ross paved the way for the golden era of the '20's and, latterly, for men like Architect Jones.

You must build about 15 golf courses before you really know what it is all about, in the opinion of Mr. Jones. Selecting the site is of primary importance for a number of reasons. It must be in a location convenient and attractive to most of the club members. The area must be adequate without too much crowding of holes for safe play.

Also the topography should eliminate the necessity for blind holes, arduous climbs and the risk of lost balls. Soils that are capable of producing good turf under proper management, availability of water and electricity, direction of prevailing winds, population trends and, of course, the cost of the land are among the problems to be solved. The planner must automatically see that the long dimension of property runs north and south, and not east

and west which will require playing into the sun. And these are but a few of the ramifications.

Comparative amateurs will walk over a piece of property and be unable to visualize the assets. The inexperienced builder's tendency will be to copy some hole he has seen on another course.

"He will wind up fighting the topography rather than flowing with it," Mr. Jones says.

Oddly enough, it is easier to raise \$500,000 for a new club than to persuade the membership to put in \$50,000 or \$75,000 for modernization. Yet 80 per cent of today's courses are outmoded. The sand wedge, the lively ball and the perfected steel shaft reduce the challenges of golf courses built many years ago. Lester Rice, a New York expert, ruefully predicted that golf courses will have to be 8,000 yards long by 1960 if the improvement in playing equipment continues.

Many members object to modernizing the course because they do not like it ripped up. Many a member has his pet hole and hates to see it changed. But an experienced architect will survey such a hole and ask himself:

"What is the least I can do to make this a great golf hole?"

Usually, the modernization takes place on a long-term basis, probably three to five holes a year, rather than in one package. The idea in renovation is to place natural and artificial hazards in relation to modern standards. A trap on the right side of the fairway, 180 yards from the tee, would have been too far away for the average golfer 25 years ago. Now his ball finds it like a homing pigeon. So today's architect shifts the trap to 250 yards distant where only a few of the leading club members will be in jeopardy. This punishes the big hitter, but saves on raking.

Another device in modernization is the use of three sets of tee markers, the longest for champions, the middle for the fairly good player, the third for average. And there may be a fourth for the women.

Leading architects no longer construct courses on the penal principle, under which if you stray from the straight route you are doomed. The new thinking is for the strategic concept. There are alternate routes for the expert and for the novice.

Only when a businessman becomes chairman of a greens committee does he gain some comprehension of the problems involved in running a golf course. The businessman, applying normal methods, first obtains statements from other clubs. Then he discovers, to his dismay, that courses vary so much in number of traps,

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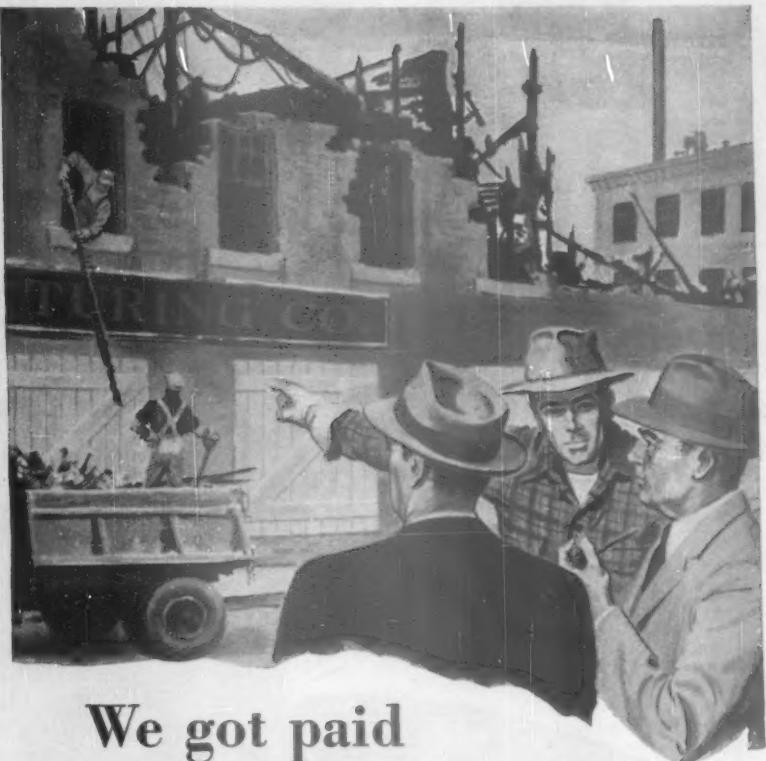
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type of terrain, size of green, acreage of property, etc., that he cannot establish for himself a parallel course of action.

But the chairman must develop a yardstick to solve the problems of his own particular type of course. He must know something about man hours per unit of operation, how long it will take a man to cut a green, how long to rake a trap. He finds himself in a rather complex new world.

Unquestionably, the best thing that he can do is get himself a good greens superintendent. This skilled craftsman must be able to evaluate the capabilities of his men, assign them to the jobs for which they are best fitted, train and supervise them intelligently and, at the same time, understand soils, soil fertility and grasses, among other matters.

"Funny thing about being a greens superintendent," says Ed Casey, who has been at Baltusrol for nine years and whose work at the 1954 Open was remarkable, "is that, unlike other men who are tired from a week's work, the last thing he wants to do to relax is play golf. And when I do, I don't play Baltusrol!"

There are more than 1,000 members of the Golf Course Superintendents Association of America and they convene nationally each year in January.

Labor for golf-course maintenance is hard to find, as many men prefer industrial jobs. It is hard to tell just how many men are needed for the average 18-hole course because so much depends upon the design and physical characteristics of the course in relation to adaptability to maintenance with modern mechanized equipment. The number of sand traps, the demand of the membership for excellent playing conditions, and the amount of money available also has a bearing on the personnel required. Mr. Casey says that labor should be figured at around 60 to 65 per cent of the budget.

Fundamentally, a basic crew should be kept the year around. This crew would probably number about seven for an 18-hole course, with students and part-time laborers to be added for any temporary work. There should be at least one mechanic, but overmechanization of a golf course should be avoided by all means.

"You could concentrate on a course with mechanization," says Mr. Jones, "and wind up with a golf course that has no character."

Maintenance of traps is one of the most expensive items in the upkeep of a golf course, and the tendency is to reduce the number of traps. Greens and fairways present lesser problems, but architects feel it's a

smart idea to provide good green surfaces.

"Somehow, people will accept less," says Mr. Jones, "if they have good putting surfaces. That doesn't mean other things shouldn't be good, too. But even the best of fairways with bad greens will make a course unpopular."

Constant vigilance in battling natural disabilities such as weeds, grubs, insects, fungus diseases, etc., is essential in the upkeep of a golf course. Again, it is imperative to have a good greens superintendent.

Problems of a public course are somewhat different from those of a private course. The public course should appeal to the transient, as well as local players, and it also should be geared to handle heavy traffic.

For a public course, the revenue-producing value of the location, community recreation and advertising value must be considered in addition to all of the site factors weighed for a private course.

It is the delay in waiting to tee off on the overcrowded public courses which really tests men's souls. An experiment which Mr. Jones has tried successfully at Nassau County Park in Long Island eventually may provide a solution.

Players who visit this 22-hole course for the first time think that they are seeing double, or something. Each of four short holes has an exact duplicate separated from it by planting. A man plays only his 18-hole round on this course, but when there is a bottleneck on a short hole, he plays the open duplicate hole. As a result, traffic is speeded up, and this Nassau County course plays 125 golfers more per day than its average 18-hole counterpart. Similar 22-hole courses are now being installed in Norfolk, Columbus and Denver.

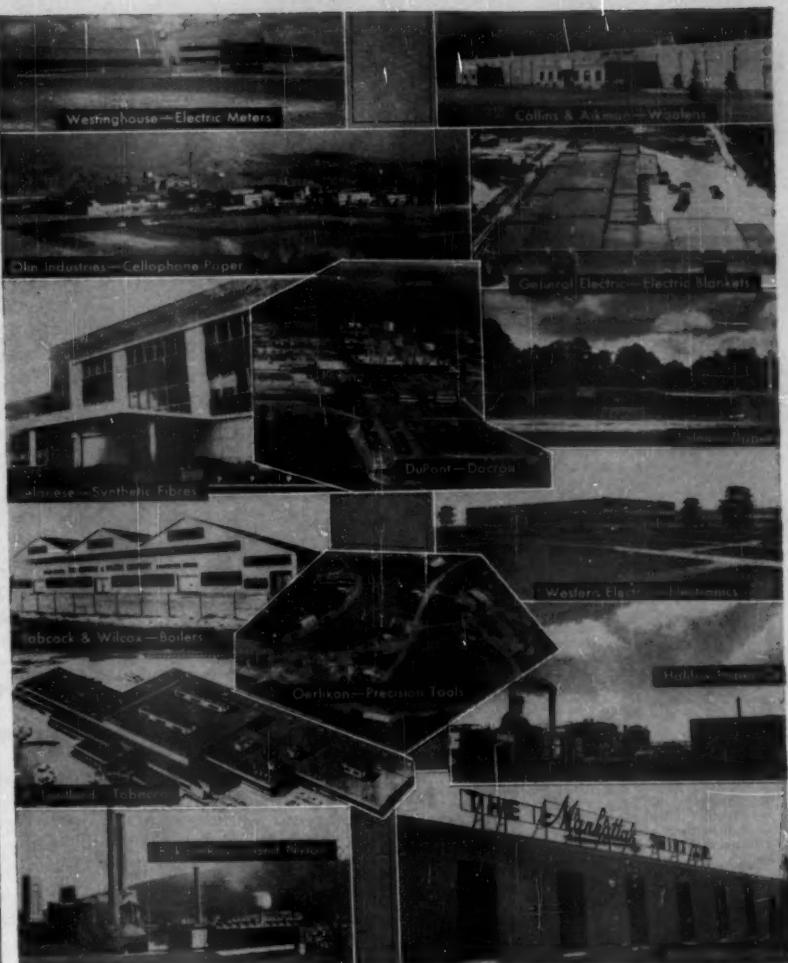
The great potential reservoir for golf courses is in cities of from 25,000 to 100,000 population, Mr. Jones says. America has more golf courses than any other country, but the sport has branched out to an extent never foreseen by the original Scottish enthusiasts.

In Egypt, they play golf on the desert where they use oil on sand and no grass whatsoever. Bolivia has the highest golf course—up about 12,000 feet. In South Africa, golfers smite a ball between enormous ant hills.

"In America, golf is being forced out of metropolitan areas," says Mr. Jones, "but the travel problem will be solved in time by helicopters."

Whatever the circumstances, nothing will keep you away from a golf course if you really want to get to it.

END



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## Big Hole in Our Military Power

(Continued from page 27)  
thereby empowers the President to act.

The armed forces have the right to call back, at will, only the Retired Reserve, made up of 54,000 officers and 8,600 enlisted men who draw retirement pay.

Congress has adjured the armed forces to take under consideration the reservist's previous service, his family responsibilities, and the importance of his civilian job to the national interest in any future recall to service.

This exhortation is a nice gesture, but meaningless, inasmuch as the military has little knowledge as to the whereabouts, family status, and job status of those Ready Reservists who have refused to participate in their unit drills.

President Eisenhower is fully aware of the "weakness" in our Ready Reserve, as he noted in the 1954 State of the Union Message. He directed the National Security Training Commission to come up with a reserve-forces training program, and simultaneously ordered the Office of Defense Mobilization to look into the feasibility of initiating a reserve training program, while continuing the draft and yet providing sufficient manpower for civilian needs.

Although differing in details, the independent investigation groups concluded that an adequate, well trained, ready-to-fight reserve was essential to our security. The alternative would be to keep in operation a massive military force.

"If we do not train fighting men beforehand, we certainly will not have time to train them afterwards," the commission declared.

The ODM report proposed reclassifying all reservists into a "Service Callable Reserve" and a "Selectively Callable Reserve." The "Service Callable Reserve," well trained and screened as to skill, would be under direct and immediate control of the Department of Defense. These reservists could be called upon without waiting for congressional approval, and without injury to civilian production. The "Selectively Callable Reserve," covering the highly skilled manpower, would be screened and called up by Selective Service.

At this point, the President asked all government agencies concerned to join in with their own thinking on the subject, and the issue, for the

first time, was placed before the National Security Council, headed by the President himself.

The Council concluded that our national safety requires maintenance of a standing military establishment of 3,000,000 men, backed up by a ready, trained Service Call-able Reserve of 3,000,000 ready to go into combat within two to three months of the call-up. All qualified young men would be required to serve two years of active duty in the armed forces, and six years more in the reserves—as now—except that active participation in the reserves for at least part of the six years would be compulsory, backed up with the threat of recall into the regular armed forces.

The Army, Defense Department, and Selective Service are convinced that compulsory active reserve training is an essential part of the plan. However, some Navy and Air Force leaders question the validity of this approach, and believe new efforts should be made at encouraging and stimulating active reserve training by the veterans on a voluntary basis. One suggestion along this line would be passage of a special, peacetime GI Bill to provide veterans benefits in proportion to active service given by the individual to the regulars and reserves.

The standing army and the Service Call-able Reserve would be supported by draftees, some 750,000 draft-age men without prior service who would be called into immediate training in the event of war, along with 300,000 new draft-age men called up annually. In addition, through Selective Service screening, some 750,000 specialists and technicians—the Selectively Call-able Reserve—would be called into active service as required. The National Guard would lose its state fealty and be solely a component of the federal government. The R.O.T.C. would be continued as a service of young officers.

"For a century and a half the republic has prided itself on its refusal to maintain large standing military forces," President Eisenhower said recently. "We have relied, instead, upon the civilian soldier."

"But we have done so without being fair either to the private citizen or to the security of the nation."

"We have failed miserably to maintain that strong, ready military reserve in which we have believed or professed belief for 150 years."

The nation's commander in chief

declared that the time has come when the reserve program is "absolutely essential" to our defense.

The National Security Council's detailed reserve plan will be placed before the upcoming Congress in January as "number one" legislation. President Eisenhower has pledged. He wants the new program cleared in Congress by April. Inasmuch as the present Universal Military Training and Service Act runs out next June, Congress must face up to the issue.

In the past, the very phrase "universal military training" has set off an emotional, often unreasoning national controversy. No doubt the UMT issue will be raised again in congressional debate over the Ready Reserve program.

As a practical matter, however, the fact is that universal military training as such is no longer an issue. The National Security Council's decision goes far beyond UMT. All able-bodied young men would be required, not merely to train, but to serve in the military forces for two years, and then serve actively in the Service Callable Reserve for at least part of the remaining six years of service obligation.

However, in order for Congress to meet this situation intelligently, our citizens must understand that in this day of supersonic planes and H-bombs, military might is essential to our own survival, and that the reserves are the weak link in our democratic defense system.

Some citizen groups, such as the Chamber of Commerce of the United States, as well as the major veterans' organizations, have already recognized and endorsed the principle of a strong, well trained reserve force to back up our standing military establishment. Enlightened businessmen can also help individually by making it as easy as possible for reservists in their employ to attend annual summer field training exercises, which is essential to preparedness. Testimony before Congress disclosed that, during the Korean war, even reservists not recalled for duty found it difficult to obtain bank loans, life insurance, job promotion.

In December, 1953, the President's National Security Training Commission concluded, after long study, that America's first line of defense was made up chiefly of Korean war veterans who were "older men with families, special skills valuable in civilian life, good jobs, slight paunches, and a bitterness too justified to criticize." The conclusion is as valid today—except that the men are older, paunchier, and more bitter.

END

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# Our front against Reds hinges on **FRENCH COMEBACK**

A NATION'S BUSINESS SPECIAL REPORT BY HERBERT HARRIS

EVER since France strangled EDC, the West has been seeking a substitute program for re-arming the Federal Republic of Germany within a European defense system. Any such formula will not only have to cover Bonn's demands for sovereign status. It will also have to fit Britain as balance wheel into a Franco-German rapprochement which, in turn, can count on U. S. backing for many years. Nothing less can quell France's fears of a too strong Germany.

All this commotion has obscured another event which recently took place in France and which could turn out to be even more important for the success of the Atlantic Alliance.

The French National Assembly, on Aug. 10, granted to Premier Mendes-France virtually dictatorial power to regenerate the French economy. This represents the first successful breakthrough of the idea that, if France is again to be a major power in fact as in name, it will have to go all the way in applying the methods of today's technology and management to production and trade, at home and abroad. The program of regeneration would:

1. Diversify agriculture by cutting down on such uneconomic crops as winegrapes and sugar beets, and grow more grain instead.
2. Expand industry and commerce by extending financial and technical help to firms willing to modernize process and procedure.
3. Expose mining, manufacturing, merchandising to competition by doing away with fixed prices, allocated markets, and other restrictive practices.
4. Eradicate labor's fear that all benefits from increased productivity go only to the employer by making sure that wages keep in step with added profits from new machinery, layout and other efficiencies.
5. Raise exports and imports by reducing tariff and customs duties which have overprotected many estab-

lishments against competition from foreign goods.

6. Lighten the national overhead of a cradle-to-grave social security system by enabling more people to earn more money to take care of themselves.

Whether or not Mendes-France is deposed over such other issues as his oblique obligingness to Russia, or whether he stays in office a long time, is less important than the impact of this economic approach upon the French people.

While the need for this change can no longer be ignored, not all of the French business community shares the enthusiasm of Mendes-France and his advisers for adapting to the French scene the essentials of the American emphasis on expansion, innovation, risk-taking, competition, search for improvements. The program proposed by Mendes-France calls for a break with the past which amounts almost to a bloodless revolution. It would also take at least two years to show any substantial results. Nevertheless, if within the next few months no specific moves have been made in this direction, it will mean that France has again relapsed into the somnambulism which disturbs all Americans concerned with our own stake in France's future. That stake is immense.

We have invested, during the past decade, some \$11,300,000,000 in assistance to France in relief under UNRRA, Marshall Plan economic aid and in the shipment of unavailing military supplies to the French army in Indochina. We have done this in the belief that it is to our advantage, in terms of enlightened self-interest, to help France become economically strong, politically stable, psychologically secure, and militarily potent.

Our diplomats have consistently declared that, if France should turn communist, the rest of the continent would be likely to follow. Our Joint Chiefs of Staff have insisted that France's geographic position



HENRI CARTIER-BRESSON

makes her the only feasible pivot and anchor line for deploying NATO forces in Europe against any Soviet thrust toward the Atlantic or Western Mediterranean.

Moreover, France is providing the NATO central command 14 infantry and armored divisions (15,000 men each) together with 38 air combat squadrons (4,000 men each) and 80,000 sailors and marines, or about one sixth of NATO's present strength in both manpower and equipment. France also is the major training ground for NATO personnel from 16 nations. It is filled, from Alps to Pyrenees, with NATO airfields, munitions depots, radar and other electronic installations, and oil pipelines for fueling planes, tanks, military vehicles. French ports of Rouen, Le Havre, Toulon, Marseilles, and others offer invaluable facilities for combat ships and for moving sea-borne troops and materiel, while in French Morocco some of the West's most strategically located bomber and naval bases are nearing completion.

Despite all this, however, doubts about France's ability to carry the burdens she has assumed as bastion of the West continue to range from niggling worry to profound misgiving. Honest differences of opinion, and even frictions over cold war policy, are to be expected between France and the U. S., as between the other free sovereign nations in the West's coalition against communist imperialism. Even when we are appalled by certain French decisions, as in the case of her scuttling EDC after interminable delays, our own faith in freedom compels us to affirm that France alone must choose what course she wants to pursue. Our doubts about France as a dependable ally are therefore rooted in something more fundamental and more intangible than disagreement over cold war politics. They reflect concern that the crisis of France is a crisis of the spirit, a failure of nerve; and that the moral cement of her people is crumbling.

This process can be halted and reversed only by a

vast economic resurgence for which France has all the necessary resources, natural and human. Among European countries she is exceeded in size only by the Soviet Union (France covers a larger territory than England and West Germany put together). Although deficient in coal, especially for coking, her own mines provide 68 per cent of her needs. She has large reserves of iron ore, bauxite, potash, antimony, and considerable deposits of lead, zinc and manganese. Her soil is incredibly fertile. Wheat yields in the Aisne area equal the best in Kansas. Everything grows well in France: asparagus and barley, nuts and oats, peaches and potatoes. Cattle are sleek, and cheeses the gourmet's glory. Her rivers not only provide a useful network of inland waterways but also some of the best hydroelectric power potentialities in the world. Her railroads are superior to any in Europe. Her harbors are gateways to global trade.

Even writing off Indochina as a complete loss, France's "Empire," or French Union, still controls 19 overseas possessions, with a population of 59,000,000. Almost anything France lacks at home could be acquired from these associated states and territories. France has the inside track, for example, in obtaining cereals, oil, phosphates, copper, mercury and other metals and minerals from Tunisia, Algeria, and Morocco; timber and vegetable oils from French West Africa; cotton, palm oil, and woods from French Equatorial Africa; coffee, cocoa, and titanium from the Cameroons; graphite from Madagascar; nickel, chrome, cobalt and copra from New Caledonia. France's present trade with her dependencies accounts for more than a third of her exports and a fourth of her imports.

Within France itself is an extraordinarily skilled and intelligent labor force in mine, mill and factory. Her farmers are born with green thumbs. She has a profusion of gifted industrialists, bankers, engineers,



OWEN—BLACK STAR

*Water power at home and in her protectorates is an important factor in France's economy*

scientists and inventors. Her statesmen are noted for the precision and clarity of their thinking.

Yet for three decades France has been unable to transform all her endowments and advantages into that economic strength on which military might, political stability and social harmony all depend.

The basic reason for this paradox is that France, in the conduct of her economic affairs, has refused to recognize and move into the twentieth century. In this respect, France at best walks backward into the future; and at worst clings with peasant tenacity to a past that can never be recaptured. Economic advancement has been hindered by three fears deeply ingrained in the French character:

1. Fear of bigness and its assembly-line techniques, "anonymous" employees, and uniform products. "Why do all Cadillacs look alike?" is a frequent query in a France devoted to individualized workmanship.

2. Fear of the new, with its innovations that can affront the memory of the way grandfather did things. Replacement of a tool or machine before it expires of senility goes against the French grain of a thriftiness akin to parsimony.

3. Fear of technology, with its mechanized mass production. This, it is widely believed, becomes the master rather than the servant of man and tends to robotize and deaden the soul.

The taproot of France's social and political troubles is that she does not turn out enough goods and services to begin to satisfy the demands of her people for that leisure with dignity which is the *beau ideal* of French existence. The gap between goods wanted and goods available derives from the failure to increase productive capacity and man-hour output to any appreciable extent—a failure that dates back to World War I. That conflict cost France infinitely more than the staggering material losses of 22,000 mines and plants destroyed, 5,000,000 acres of arable land devastated, 700,000 dwellings razed.

No less than 1,320,000 Frenchmen were killed, and 3,000,000 wounded, a biological and economic calamity with results which are still going on. Those who died or were disabled in battle comprised not only the younger manhood but most often those who were particularly spirited. Many of the most enterprising personalities who would have been the future leaders in business, as in other pursuits, perished.

When the Treaty of Versailles was being signed, the French economy was being run by men too old for combat, and in the postwar reconstruction many still

older men came out of retirement to try and make up for the 11 out of every 100 active producers eliminated by the carnage. France lagged industrially behind during the 20-year period (1919-39) that has come to be known as the gerontocracy—the rule of the old men. Their minds were focused on yesterday. They preferred the familiar and passive to the new and active. Caution smothered initiative, helping to crystallize the obsession with security typified by the Maginot Line. While in 1914 France's steel output had been one half that of Germany's, it was down to one sixth in 1938. Between 1925 and 1939, the French coal miner was producing .7 tons per shift as against 1.4 tons in Germany and 4.25 in the United States. The story was the same on the land. In 1929 in a France still spurning tractors and scientific agriculture as new fangled nonsense, the price of wheat as measured by days worked was 350 per cent higher than in the U. S. and pork was 300 per cent higher.

Prodigious outlays for World War I had drained France financially, changing her from the world's second largest creditor nation (excelled only by Britain) into the second largest debtor nation. By 1926 the franc had fallen to one tenth its prewar value. A declining birth rate intensified economic contraction while as late as 1937, half of the national budget was still going to defray expenses of the war. Investment in new capital goods barely kept pace with depreciations as living standards dwindled. To relieve the misery of the masses, the Blum "Popular Front" regime in the mid-thirties sought to end speculation that sent food prices soaring, and to introduce the beginnings of social security and the 48-hour work week.

These mild reforms were assailed as "revolution" by French reactionary groups, including many businessmen. These same critics denounced any effort to improve the lot of the lower classes as being "un-French" and any effort to stand up to Hitler as opposing the wave of the future.

All this turmoil not only brought France to the verge of civil war but the time and energy spent on strikes, demonstrations, marches, meetings, street fighting, arguments on the job further slowed down the economy. On the eve of World War II, one third of France's industrial capacity was idle.

When war came again in 1939, France was no match for Germany in materiel or in morale. To oppose the Luftwaffe's total of 12,000 planes, the French Air Force had 2,440, and of these only 900 ever saw combat, as a result of snafu and sabotage by Nazi collaborators in the Air Ministry and industry. In three days of hopeless gallantry, 429 French pilots hurled their fighters

against 1,500 German fighters and light bombers which on the average were 100 miles an hour faster than the French craft. The situation was quite as bad in tanks. Moreover, the French military chieftains didn't know what to do with the planes and tanks at their disposal. Like their opposite numbers in finance, industry, commerce and agriculture, they had failed to keep up with the technological times.

The rank and file, when not convinced or benumbed by Nazi and communist propaganda, felt that they lacked anything worth fighting for. They were bitter with memories of unemployment, family deprivation, insecurity, absence of economic opportunity, and the way inflation kept them mired in debt. In the 40 days of the Nazi blitzkrieg, the 1,300,000 Frenchmen taken prisoner almost exactly matched the number who had fought and died during four years of World War I.

For the second time in a generation, France had been invaded, pillaged, occupied by Germany, and in the end had won, again with the aid of the United States, Britain and Russia. France lost three per cent of her population from deaths in battle, the resistance, slave-labor camps, and Nazi and allied bombing. The material toll was stupendous: \$200,000,000,000 (in 1938 prices). Some 18 per cent of all real property was wholly or partially wrecked, including 276,000 commercial, industrial and public buildings, and 6,640,000 acres were made unfit for cultivation. In the Herrault region alone, 997,590 land mines planted by the Nazis had to be cleared from 60,455 acres before plowing could begin again. Destroyed or damaged were 14,000 locomotives, 325,000 freight and passenger cars, 2,000

*France's workers are exceptionally skilled*



*and her farmers are born with green thumbs*



miles of railway track, 6,800 railway and highway bridges, 1,500,000 tons of cargo vessels.

Nevertheless, in a postwar surge of cooperative effort, the French performed herculean tasks in recovery. Today, however, despite considerable modernization under the Monnet Plan, over-all production is up just about enough to take care of the 2,000,000 increase in population since V-E day.

It still takes ten times longer to make a pair of socks than in the U. S., and 3½ times longer for shoes, four times for an automobile, five times for a suit of clothes, and six times for a refrigerator—a disproportion in productivity that can no longer be blamed on Nazi seizures since all equipment has been replaced or repaired. Since 1946 the Bank of France has had to raise the price of gold four times, revise exchange rates five times, while in 1953 the International Monetary Fund had to suspend efforts to fix a firm value on the franc which, after having paid for two catastrophic wars, was down to 1/2000 of its value in 1914.

This continual debasement of currency has been sapping France's economic vitality for a generation. In the face of an inflation which was rampant up until three years ago and is now perhaps only temporarily halted, ambitious men see no point in putting funds into building a business, or enlarging a market. Their investment could be too readily impaired if prices rise again.

So some \$4,000,000,000 that could otherwise be put to work to invigorate the economy are "sterilized" into gold reposing in vaults, safes, strong boxes, mattresses, and tree trunks.

People without money such as the worker, clerk, petty bureaucrat, artisan, or teacher found that inflation means that wages and salaries never catch up with prices, especially for food, abundant but expensive. People with fixed incomes from investments, pensions and life insurance were similarly penalized. Virtually nobody can plan ahead with confidence—so pervasive is the fear that inflation may start again.

It has been this 30 year combination of robust inflation with anemic investment and weak production which has sharpened the struggle between individuals and groups to acquire a safe sheltered place within a stagnant economy. The quest for this kind of security has become a national neurosis. As a result of these trends, France is in the grip of a psychic malaise marked by selfism, cynicism and pessimism among private citizens and by indecision and negativism in government where every bloc is more "anti" something, than "pro" anything.

War-weariness and a sense of guilt and humiliation over the extent of collaboration with the Nazis, during the occupation, also contribute to this state of mind. So does the anxiety, increasingly vocal, that France is too close to Soviet air bases to have any margin of safety in the event of World War III. The present mood, however, primarily is a symptom of an ailing economy where everyone fears there won't be enough to go around and feels personally deprived by any sign of prosperity in others. It explains the dog-in-the-manger attitude which envenoms human relations and which, for example, prompts the well-to-do housewife to fire the cook if she dares appear above her station by wearing nylon stockings.

Boss and worker do not regard themselves as integral parts of a common enterprise but as threats to each other's living standard. The city dweller curses the peasant for the high price of food; the peasant blames the city dweller for the high price of farm machinery. The poor are rancorous against the rich who generally display very little sense of social responsibility, whether in philanthropy, community leader-

ship, or the payment of taxes. The noncommunist political groups maul at each other with a ferocity that benefits only the Communist Party.

All these strains and dissensions are mirrored in the National Assembly which makes the laws and makes or breaks premiers and cabinets. Its 627 deputies represent France's 12 political parties which, when minor deviations are omitted, shake down to six major alignments, reading from Right to Left:

1. The Republican Union for Social Action is the political arm of General Charles de Gaulle around whose personality the party has been built. It is jealous of any surrender of French sovereignty, appeals to order, and discipline within a hierarchy of power and place. It draws support mainly from the aristocracy, monarchists, neo-Fascists, the larger proprietors of land and business, their tradesmen, tenants, servants, and others attracted to the strong-man state.

2. The Independent Peasants are primarily devoted to the interests of wine, wheat and cattle growers. The party brings a rural and village view to both domestic and foreign affairs. It is assailed as often for its localism and conservatism as for its tendency to regard the Russia of the commissars as identical with that of the Russia of the tsars.

3. The Radical Socialist Party is neither radical nor socialist but is veering more and more toward the middle of the road to become the center of the center. Despite recurrent swings toward isolationism, it favors intimate cooperation with the United States and Britain, and free enterprise of the American variety. Its following is recruited mainly from business and professional groups and the more prosperous farmers.

4. The Popular Republicans are an outgrowth of the Catholic Resistance movement under the Nazi conquest. The party advocates social reform of the New Deal type and Western European integration. It is the vehicle of liberal Catholics who believe that the injection of Christian ethics into public affairs can be an effective alternative to communism.

5. The Socialist Party, formerly the great party of the working class, has lost most of its followers to the communists. Less than a fifth of socialist adherents are today from the ranks of labor, and the party's main support comes from educators, government officials,

#### Demonstrations, strikes sap nation's vitality



RUFF MELCHER—BLACK STAR



KRIN TACONIS MAGNUM

*De Gaullists join cabinet coalitions grudgingly*



KRIN TACONIS MAGNUM

*Grievances, not ideology, make communist votes*

farmers, independent craftsmen (such as cabinet makers), white collar employees and small businessmen. It is today less Marxist than humanitarian, and is opposed to communism and neutralism. It urges the formation of a West European Federation as a "Third Force" between the "colossi" of the U. S. and the USSR.

6. The Communist Party is the Kremlin's instrument for the ultimate annexation of France. The party's agitation and propaganda are cunningly contrived to magnify every minor difference among Frenchmen into major conflict. It gets some four fifths of its vote from labor, the rest from peasants and younger people from all strata.

It is this political configuration which has given France 20 governments in nine years, one lasting for 13 months, another for 72 hours, with an average of 150 days each. It is easy to exaggerate the importance of this constant rotation. Behind the facade there is more continuity than is generally realized. In the first place, each new cabinet of 30 members usually includes 25 carry-overs from the preceding cabinet, only holding different portfolios.

In the successive governments of the past decade, for example, Robert Schuman has been Premier twice and Foreign Minister ten times. Rene Pleven has been Premier twice and Defense Minister four times. Similarly, over the same period, Henri Queille has appeared ten times, Georges Bidault and Rene Mayer eight times each, Henri Buron seven times.

In the second place the personnel of the civil service (*les fonctionnaires*) are permanent. Ministers may come and go, but the bureaucracy goes on forever. It comprises some of the most capable and intelligent men in France and keeps the government in balance.

Despite these stabilizing influences, however, the political fragmentation of France leads to frustration and near paralysis. To form a government, a Premier has to put together a coalition of forces so divergent that by the time he has made concessions to all the

participating factions, each split within itself, his position is already precarious. His margin is always a handful of votes.

Moreover, the De Gaulloists only grudgingly participate in any cabinet coalition, and the communists never since 1945.

One out of every four French citizens votes the Communist Party ticket—a situation both better and worse than it looks. It is better because the overwhelming majority of industrial workers who account for the bulk of communist strength at the polls are not ideological communists. They cast their ballots for two reasons: 1, to make a gesture of their ritualistic "leftism" under which the word employer is a synonym for exploiter; and 2, to protest against low pay, high prices, wretched living quarters.

If a French worker in the middle bracket earning about \$50 a month is married and has two children, he receives social security allowances of about \$22 a month, or \$11 for each youngster. If he and his wife produce a new baby, the family gets maternity benefits covering free delivery and free milk. The father, as head of the household, gets a five per cent raise in wages and a five per cent reduction in rent. Social security also pays for 80 per cent of the family's medical expenses, including drugs. All this can bring the worker's real wage up to \$90 a month.

However, prices for meat, bread, eggs (60 per cent of his income goes for food), shoes, clothing and other necessities are virtually as high as in the United States where a similarly situated worker earns \$300 a month. Even with elaborate social security supplements, the French worker can rarely afford the cinema, or buy a radio or a book.

Although his annual rent represents only about two weeks of work (in contrast to 12 weeks in most other countries of Europe) his housing is incredibly bad. The average age of dwellings in the industrial districts of France is 60 years; one fifth of them are 100 years old or more. About half of them are without private toilets, and 85 per cent without a bath. Many of them are literally falling to pieces. Every month the Prefecture of Police in Paris has had to expel tenants of about 3,000 dwellings "owing to the immediate danger of the houses collapsing upon the residents."

While some 1,900 new housing units are now being constructed every month throughout France, the minimum need is for 20,000. One difficulty is that in France with its outmoded techniques, it takes 25,000 work hours to put up a four room house, as against 7,000 hours in Britain, and 4,000 in the U. S.

Nor are the prospects too bright for the worker's offspring. He cannot afford to educate them beyond the age of 14; whatever they can earn is needed at home. Only two per cent of the total enrolment in France's colleges, technical and professional schools are from working class backgrounds. The worker's grievances against this kind of poverty and squalor have been adroitly converted by the Communist Party into 4,000,000 out of the 5,000,000 votes it obtained in the 1953 elections from a total of 20,000,000 votes cast.

Yet the size of the communist vote tends to conceal the genuine peril from 35,000 communist fanatics, the inner circle of the Party's hard core membership of 520,000. The former completely control the C.G.T. (Confederation General du Travail), France's largest labor organization with a membership of 2,400,000. Inside of each union the communists have formed secret sabotage, demolition and guerilla cells covering every section of France's basic industries. In case of war with the USSR, they can be counted on to disrupt telephone and telegraph services, blow up railroad bridges, docks, and electric light and power turbines.

Others have infiltrated into government agencies where they act as an intelligence apparatus for the Kremlin. Hence when the French internal security forces conduct raids against communist arms caches and espionage rendezvous they find, more often than not, that their quarry has been tipped off in advance.

The so-called crypto-communists are another danger. They are, on the surface, respectable businessmen, physicians, lawyers, journalists, or architects. They belong ostensibly to the more conservative parties and often to the most exclusive clubs. Yet they are among the Kremlin's most valuable agents. Many of them are former Nazi collaborators trapped into serving Moscow by the communist branch of the resistance which promised to spare their lives if they would dedicate themselves to the Kremlin; others are mercenaries; still others, dupes. Their homes and offices are relay stations for documents rifled or copied from secret government files, for blueprints stolen from plants making war weapons, and hide-outs for spies slipping in and out of France from behind the Iron Curtain.

When the Community Party, at the end of World War II, set off the campaign to nationalize French industries, it found the rest of the country in a receptive mood. Before the war, many key private enterprises had been monopolistic. They had failed to deliver in



Frenchmen cling to the customs of their past

preparations for national defense and in providing goods, services at reasonable prices. France therefore turned to public ownership. Within 16 months after V-E day, the state took over coal, gas, electric light and power, transportation by air, ship and railway, the largest automobile company, and three quarters of the munitions industry, adding this vast sector of the economy to the already nationalized telecommunications, matches and tobacco.

Despite the size of its socialized segment, the French economy is predominantly that of small and medium-sized units. Seventy-five per cent of the farms are 25 acres or less. In a total of 2,072,000 industrial and commercial establishments, 45 per cent have no employees and are run by the owner.

In industry, including mining and public utilities, only 1,081 organizations have 500 or more employees,

and at the other extreme, 169,000 establishments have only one. Similarly, in finance, insurance, wholesale and retail trade, only 88 establishments have 500 or more on the payroll, with 186,000 having only one employee. In France there is a business firm for every 32 inhabitants, as against one for every 68 in Britain and one for every 80 in the United States.

A business is almost always owned and operated by the family; the very word *maison* connotes a blending of household and business aims and activities to an extent unknown outside of France. A family tree or reputation is often a better source of credit than the most impressive series of annual statements. A business is not only handed down from father to son but also gets its working capital from relatives.

Success for the upper middle class businessman, who is the model others emulate, is therefore measured less by what he does to increase production or efficiency, and more by the diligence with which he nurses along the clan's property. He feels it his duty to bequeath that property, enlarged or intact, to the heirs who will manage it when he retires. This explains why many capable French employees complain they can never reach the top. The front office jobs are always reserved for the son, or nephew or other kin.

The French businessman thus seeks to conserve rather than to create. He rarely plows back profits to improve product, or equipment or to go after new markets. He prefers to siphon off surplus funds into savings. The French investor for half a century has had little confidence in the economic prospects of his own country or its colonies. Although some 15 per cent of France's national wealth, since 1900, has consisted of foreign investments, only ten per cent of this total has gone into French controlled areas.

This clustering of habits presents a formidable road-block to any leader striving to make the French economy dynamic and powerful.

Unless this happens, or starts to happen, our makers and shapers of foreign policy will, soon or late, be compelled to consider whether the West has not overestimated the contributions France can render to the Atlantic Community in the immediate future. To turn away from France, in any basic sense, is inconceivable; but to rely upon her as the very center of gravity for the West's defense in Europe may be impracticable.

If present economic conditions persist, the morale of the French soldier, in the majority of cases, will be as bad in NATO as it was in the debacle of 1940. To his doubt that he has anything worth fighting for is added his distrust of the U. S. and the USSR as giant "war mongering" nations that regard France only as a pawn to be manipulated in the chess game of power politics. It is at least a moot point whether, in the event of World War III, he would put up more than token resistance.

Hence the importance of the Mendes-France school of economic thought lies in three psychological insights: 1, that only the new opportunity and hope gen-



BLACK STAR

Economic rejuvenation is goal of Mendes-France

erated by a buoyant expanding economy, where careers are open to talent, can revive the ordinary Frenchman's faith in his country and her causes; 2, that France is weak because she thinks she is weak, but that there is nothing to prevent her from building back into the strength of great power status, once she summons forth the will and willingness to work toward economic rejuvenation; 3, that if France fails to modernize and energize her economy, she will, by 1960, be surpassed in living standards by the USSR, giving an irresistible argument to the communists.

It also is likely that, without a rapid large-scale economic expansion at home, France will be unable to hold onto her possessions abroad. The recent concessions giving more political autonomy to such protectorates as Tunisia and Morocco, for example, will not by themselves suffice. In each case the drive toward independence is inspired not only by the desire for political self-determination but also by the demand of the natives to share more equitably and more amply in the wealth of their country. Behind the rise of the Neo-Destour nationalist party in Tunisia, and the Istqlal "liberation" movement in Morocco, behind the riots and terrorism, is the belief that political self-rule is the magic key to higher living standards.

To canalize this stir and ferment into mutually satisfactory relations with Tunisia and Morocco, France will have to speed up the rate of their agricultural and industrial development to provide jobs, for example, to the 200,000 unemployed now seething with unrest amid the pestilence of Casablanca's shantyvilles.

What this entails is a vast increase in France's current public and private investment of some \$25,000,000 a year in Tunisia and Morocco, especially since France has been very cool to the overtures by American, Swiss and Dutch capital interested in the economic potentialities of French North Africa.

To accumulate and release funds required for this kind of investment, France must first prosper internally. Otherwise riots and revolts will continue. In Morocco, especially, a largely hostile population, which identifies the presence of American air and naval bases with French "oppression," could endanger some vital military installations.

Malenkov's agents in French North Africa are trying to turn the mistakes of French colonialism, and the people's spirit of nationalism, into another victory for communism just as Mao's agents did in Indochina.

Certainly considerations of this kind are bringing official Washington to the view that France's effectiveness in the Atlantic Alliance depends less upon treaties today than upon her ability to achieve economic rebirth tomorrow.

END



HENRI CARTIER-BRESSON—MAGNUM

France's older citizens strongly resist change

## Four Steps To Save Your City

(Continued from page 37)  
means for consolidating services and spreading the tax load—in Atlanta, Philadelphia, and Baton Rouge, for example—but in few cases does the unification cover anywhere near the whole metropolitan area.

Some years ago Philadelphia adopted a tax on all payrolls earned in the city as a means of tapping suburbanites who made their living there. Other cities have followed suit. Again, the answer is only partial. The payroll tax still does not reach all who benefit from what the city offers. Furthermore, it fails to bring about the effective sense of community interest that can exist only where all taxpayers can take part in city affairs.

The answer to the revenue problem and to all the questions of adequate services and improvements arising from it undoubtedly lies in some form of unification or federation of all the municipalities in a metropolitan area. Something of this sort was accomplished in the Greater New York borough system, established before the beginning of the century, but this has long since ceased to encompass the New York metropolitan district. Toronto, Canada, offers a more recent version of metropolitan federation which provides a central authority for financing and administering functions that affect the whole district, leaving localized services to the several municipalities.

To meet this need, the federal government has not much to offer except encouragement through planning grants, amelioration through grants-in-aid for highways, urban redevelopment, public housing, hospitals, and financing aids of other kinds.

The grant-in-aid method has its own danger. By giving the city a source of funds, it blunts the urgency for getting down to the real job of creating an adequate revenue base. Since it is offered only for special purposes, cities are tempted to take the money and undertake the projects whether or not they meet local needs. The highway aid program, and the new aid for urban renewal provided in the Housing Act, try to avoid this by requiring both local initiative and local contribution; but the danger is always present.

Perhaps the Commission on Intergovernmental Relations, which Congress established to look into the



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question of the appropriate distribution of functions and revenue sources among various classes of government, will ultimately offer some helpful recommendations for getting cities on a self-sustaining basis.

### PROBLEM 3.

#### Adjusting Land Price to Value:

The high price of land in slums and blighted areas has deterred the renewal of these neighborhoods. Nothing much is likely to happen when the holders of a commodity are able to ask more for it than it is worth. Every scheme for urban redevelopment so far advanced has been based on the premise that, to clear out and rebuild the old sections, it will generally be necessary to pay more for the run-down property than anyone would be willing to pay as a site for new construction.

The reason is simple: Slum property often is worth the price asked, as *slum property*. But this is true only because slum conditions in the form of poor maintenance, lack of sanitation, and overcrowding are allowed to remain. The question is how to prevent such conditions from remaining.

The remedy is by no means easy to achieve. For one thing, there must be enough slack in the market to make it possible to scrap the worst of the supply without aggravating a housing shortage. Amid the current building boom, considerable progress is being made on this score.

Second, the overcrowding which racial segregation causes must be removed by increasing the supply of houses available to the segregated groups. Some progress is also being made here, but a great deal more needs to be done.

Third, the community must demand that owners either keep their houses in safe and sanitary condition or take them off the market. Stirred by efforts made in Baltimore to force owners to clean up and maintain, or else vacate, their properties, many communities are making a start in this direction. The U. S. Public Health Service lists nearly 100 in a recent compilation. Finally, the powers of condemnation in the slum areas need to be strengthened. When overcrowding and neglect are no longer sources of profit, the problem of having to pay more for slum land than it is really worth should be much reduced.

In the Housing Act of 1954 the Administration has taken a special step to cope with some of these issues. It has taken an existing measure, which provided loans and grants to cities solely for the purpose of as-

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sembling tracts in slum areas and getting them ready for rebuilding (a program which proved to be exceedingly costly in practice), and has tried to rewrite that measure to make it a powerful instrument for encouraging community action.

It has retained the offer to lend money to cities in their battle to clean out blighted areas and also to pay two thirds of the loss involved in land assembly and resale transactions for this purpose. It has broadened the scope of this offer to cover operations designed to prevent blight by acquiring property that is used in a way to harm values in otherwise still good neighborhoods. It has also provided, through the FHA mortgage insurance system, especially liberal terms for financing mortgage loans on existing property and on new construction in areas designated for conservation or redevelopment and for providing houses for people displaced by redevelopment undertakings.

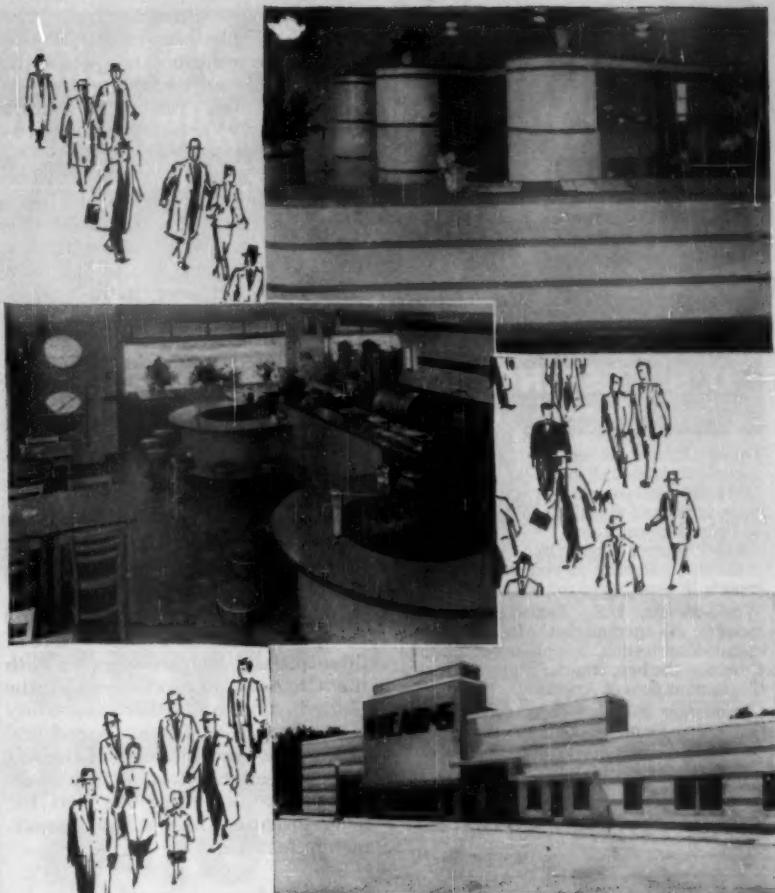
Perhaps more important than the provision of these aids is the *quid pro quo* that the government has set up in connection with them. Before the loans and grants are available and before the specially designed FHA terms may be used, the city has to show it is attempting to prevent the spread or recurrence of blight by adopting and enforcing ordinances relating to land use, health, sanitation, safety, and occupancy of buildings; and that it has an official plan of action for effectively dealing with the problem of urban slums and blight within the community.

Forcing cities to wring away the values created by an unsocial use of property, and creating conditions favorable to new investment, may make it unnecessary to pay such high subsidies for the assembly of slum land as have been common.

The new Act includes other inducements to community action.

The federal government, through the Housing and Home Finance Agency, will lend money to cities to help them make plans for urban conservation and renewal projects, for programs of voluntary repair and rehabilitation of buildings, and for the enforcement of ordinances relating to land use, building occupancy, repair, maintenance, and demolition. The HHFA will be able to make grants (up to two thirds of the cost) to cities to help them in developing, testing, and reporting methods and techniques, and carrying out demonstrations and other activities for the prevention and the elimination of slums and urban blight.

Finally, HHFA may make loans to state and local governments to



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finance the planning of specific public works projects and, where the community cannot otherwise obtain financing on reasonable terms, HHFA may actually finance the construction.

All this makes a potent set of inducements to action. Many questions of agreement will arise between local and federal government as to reasonable standards of performance, suitability of plans and so forth—all bordering on the delicate issue of how far the federal government should go in influencing or controlling local action. These will take time to work out. Problems with the new program of FHA financing may cause some delay. There may also be difficulty in preventing what is intended to be an incentive to local action and a spur to local responsibility from degenerating into an increased dependence on the federal government.

The officials of the Housing and Home Finance Agency are aware of these pitfalls and are working with the Chamber of Commerce of the United States and other community action groups to develop sound and practicable procedure and to get them into operation as soon as possible. They also recognize that the new program has many experimental features.

#### PROBLEM 4.

#### Encouraging Investment:

Persuading people to buy land in the older areas and put money into new buildings, particularly into property for rent, may be difficult. Various inducements have been held out—total or partial property tax-exemption of the improvements, property taxes fixed at a relatively low level for a period of years, and subsidy for land assembly among them. None of these has brought the hoped-for flow of funds.

The source of this difficulty is not wholly clear. Rental housing is now running at only about one tenth of all new residential building.

Broadly speaking, such investment is not sufficiently profitable in comparison with alternative forms of investment. The remedy must be to change that balance. Just after the war, the government undertook to do this by insuring high-percentage loans and providing lush tax incentives for building apartment houses. The scheme worked, in that it resulted in a large volume of building; but the inducement proved to be overdone. Congress has now put such rigid restrictions on the insurance of rental housing mortgages that the plan may no longer be considered an inducement.

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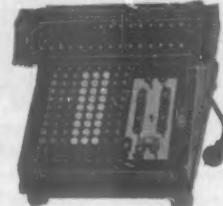
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As a result of this rigid restraint on insured mortgages, it is necessary to look elsewhere for a favorable governmental influence. One appears to be present in the new Internal Revenue Act.

The new provisions for setting up patterns for deducting depreciation make it possible for an investor in real property to set up a depreciation schedule that will permit a more rapid return of capital than was formerly possible. The law gives a better break in averaging profit and loss over a period of years. It permits the retention of substantial earnings without incurring penalty taxes.

No one can yet tell how far these tax features will go toward encouraging investment in the older sections of cities, but they are at least steps in the right direction. The efforts made by city governments, with and without federal help, to conserve basic property values and make neighborhoods more healthful, safe, and attractive should also have a favorable bearing on investment.

#### What Does It All Add Up To?

The combination of an alert citizenry, awakened local governments, and federal assistance ought to bring results. However, the results will depend on the alert citizenry and the awakened local governments rather than on the federal government.

The federal government is to take a notably different approach in its current activities from that formerly taken. The emphasis is to be upon local initiative and responsibility. In loan and grant activities, for example, the community must do something definite before the federal agency bestirs itself. There is to be, it is promised, no more high-pressure selling of federal handouts.

This means that the city can get help, many kinds of help, if it first helps itself. Helping itself means: taking a hard look at its own problems, developing the policies best suited to its own conditions, undertaking action to clean up squalor, reducing congestion, conserving its assets in homes and business properties, and planning for its orderly growth. The new federal programs won't give the answers to all the problems. They should, however, if properly used by local and federal agencies, speed the process of finding the answers.

Whether or not the federal programs will be used in this way depends on the interest that community leaders take and the guidance they give. The spur must come from them, and the critical watchfulness and persistent support needed for real achievement must be theirs. **END**

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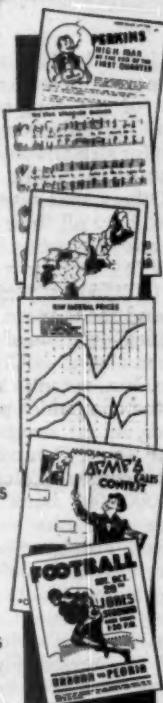
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# HOW TO BUY A BUSINESS

By BOOTON HERNDON



**Mr. MacMillen asks: "What are the seller's earnings?"**



**"What is relationship of top salaries to earnings?"**



**"Is the company's equipment up to date or worn out?"**

AMERICAN financial interests are currently engaged in one of the greatest buying sprees in corporate history. The buyers include corporations, holding companies, foundations and trusts and syndicates specializing in both investment and liquidation. The article they are in the market for is business itself, companies of all descriptions, producing all types of merchandise or services, and operating in all shades of the financial ledger from the red of abject failure to the healthy black of booming earnings.

According to one of the few sales brokers of entire companies, Harry W. Alexander of New York, the number of companies bought and sold this year marks an increase of more than 300 per cent over 1953. The year before that there was no market at all. This is an entirely new chapter in American industrial development.

Some financial groups buy only losing companies in order to deduct these losses from their own earnings for tax purposes. Others, liquidation experts, may sell a losing company's

assets individually for more than they are worth together.

Most of the competitors in this multimillion dollar market, however, are in it for straight business reasons. Some want to expand in their own field. Others seek diversification so as not to have all their stockholders' eggs in one production basket. Many more, with energetic and ambitious men at the top, just plain want to get bigger and make more money.

A typical example of this last type of business-buyer is Chesapeake Industries, Inc., recently mentioned as one of the companies possibly to be included in a merger with the Colonial Trust Company and four other companies. Colonial Trust is a \$68,000,000 bank with four branches. The other companies are Home and Foreign Securities Corporation, Oils and Industries, Inc., Intercontinental Holdings, Ltd., and Intercoast Petroleum Corporation.

When William C. MacMillen, Jr., assumed the presidency in 1951 at the age of 37, Chesapeake was \$2,870,000 in the red, its common stock worth \$1.18 *deficit*. In March of this

year, after the addition of ten companies to the Chesapeake family, current assets have increased to \$6,010,000, equity of the common shareholder to \$1.26. Common stock at this writing sells at about \$3 a share. It does not pay dividends but it is considered by stock experts to be a fair capital gains risk.

Further, the president has his own money in the company. He owns 5,000 shares of stock and recently accepted an option to buy 50,000 more in lieu of a raise from his basic salary of \$25,000 a year.

Investment experts, such as Baruch Brothers and Company, Inc., point to Chesapeake as the pioneer in what they call "intelligent diversification." And though Chesapeake candidly states it will pay no dividends in the near future, its potential as a capital gains venture has lured canny investors into taking a plunge. Another factor is Chesapeake's tax shelter; a \$5,000 loss on a pre-MacMillen enterprise permits the company to pay no taxes on its earnings up to that amount over the next few years.

Here are steps which one of the nation's successful firm buyers, Chesapeake Industries, Inc., takes before deciding to buy. You may benefit from the methods of Chesapeake President William C. MacMillen, Jr.



"Will property look good on inspection?" wonder Mr. MacMillen and Treasurer Livingston Goddard



"Would retraining program cause morale loss among the employees?"

Chesapeake can therefore put the entire profits of any company it buys back into the business.

With a capitalization of more than \$20,000,000 and excellent contacts in credit Mr. MacMillen is constantly looking for more companies. He and Chesapeake's treasurer, Livingston Goddard, estimate that they devote up to 30 per cent of their time exclusively to investigating companies for purchase. A few months ago Mr. Goddard brought a young man named Martin Horner, who has previous experience in this line with a major New York bank, into the company and assigned him full time to company purchase. Separately or together, these three have made preliminary investigations into at least 500 separate companies.

Competition in this field is fierce. Chesapeake's experts must, in many cases, pry deeply into all phases of the company they investigate in search of factors, both advantageous and disadvantageous, that others might overlook.

The yardsticks Mr. MacMillen and his experts use include:

► Whether earnings are higher or lower than the average for the industry.

Too high earnings could mean that management is getting all it can while the getting is good, letting the plant deteriorate. It could also mean a pinch-penny policy with labor which may someday boomerang. Too low earnings could signify a dying industry, or a disadvantageous location as far as labor scale and freight rates are concerned. These factors would make the plant a bad buy. However, if too low earnings result from poor sales or production direction, or because the owners would pay out all earnings in taxes anyway and just don't care, it would be different.

► Relationship of net fixed assets to earnings. The equivalent of one year's net earnings before taxes is a healthy evaluation for net fixed assets.

► Relationship of top salaries to earnings. Chesapeake itself pays a top salary of \$25,000 a year, but cuts executives on profits for incentive.

► Company books. Some companies

still do not set up an annual budget in advance.

► Plant equipment. Is it up to date or in good repair, or falling to pieces?

► Employees. Are they on the job, alert, and working in such a manner as to show efficient training methods?

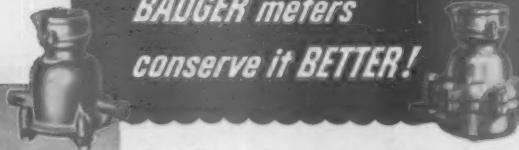
For example, while inspecting the plant of the Virginia Metals Company, which manufactures steel doors, among other items, Mr. MacMillen noted that each door was scrubbed down by hand by a group of men who had no other function. His belief that a more efficient performance of this operation would decrease production costs substantially was a major factor in his purchase of the plant. One of the new management's first actions was to install a mechanical method of washing the doors. This installation has resulted in a \$25,000 annual net savings, which is, of course, reflected in earnings.

Over the years, Chesapeake has developed a set procedure in company purchase.

First, of course, it must locate the company. Want ads are checked

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every day and the likely ones answered. Mr. Horner has contacted every known broker and is on scores of mailing lists. (One broker told him: "Every year I hear of 3,000 companies for sale, I follow up 300, push 30 and sell three.") Tips picked up from business acquaintances, stockholders, and on the golf course are systematically pursued.

Chesapeake's first step is to request of the prospective seller the following information:

*Earnings over the past five years.  
Current balance sheet.  
The asking price.*

*A brief description of the operation.*

From the form of this inquiry it is obvious that Chesapeake is not looking for a tax loss or liquidation operation, and some concerns do not even reply.

Of the 500-odd responses, about 400 have been discarded immediately on the basis of the information received. An asking price completely out of line with the company's own statement of earnings is the main reason.

Mr. MacMillen has bought five companies for a price equal to four times the net annual income and four more at a price not much greater than that. When he is quoted a price equal to 100 times the net earnings, as has often occurred, further negotiations would be ridiculous.

There is, incidentally, a reason for this overvaluation. Over the past years many a company has poured money into fixed assets rather than into taxes. Mr. MacMillen has no objection to well watered lawns and air-conditioned buildings paid for with tax dollars. But to pay for all this, when the work could be carried on just as well in a shed built of corrugated tin, is another matter entirely.

In the case of the one company out of five which merits further investigation, the next step is for Mr. Goddard and Mr. Horner to break down the balance sheets. On the basis of their findings, Mr. MacMillen prepares searching questions to ask in person, by letter or long distance telephone.

An item which frequently needs clarification is actual valuation of fixed assets. The same building may have two widely diverse valuations, one figured on straight line depreciation, the other on current appraisal. Mr. MacMillen wants to know which yardstick was used.

A figure given for accounts receivable may take on a totally different meaning if it develops that a good percentage of these accounts are a year or more old.

And what about inventory? Does it consist of marketable product, or

half-finished items, perhaps even obsolete, and of far less value than the material which is in them?

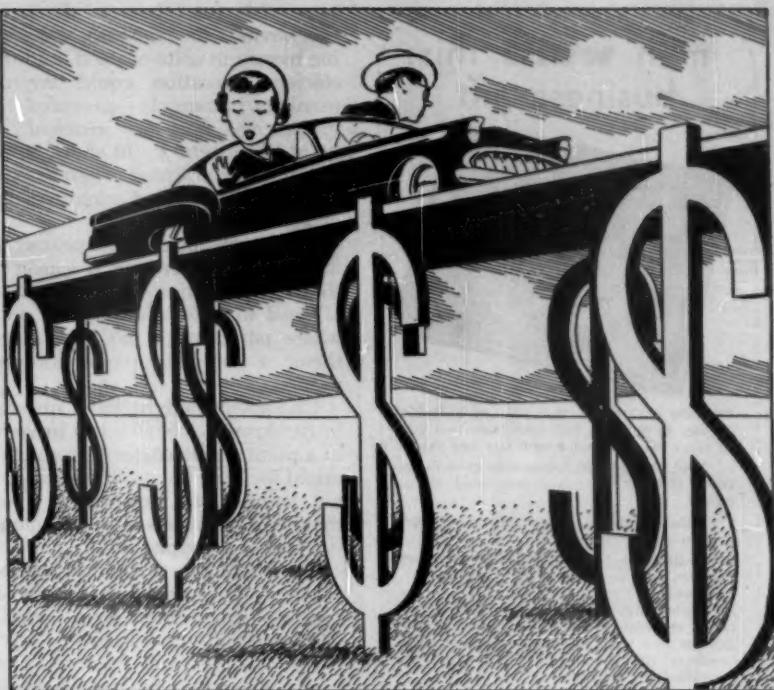
Chesapeake has discarded roughly 50 companies in this stage. The next step for those remaining is to look carefully into the nature of the business. In the past six months Mr. Horner alone has made investigations into heavy winches, tapered sheets used in the construction of aircraft wings, aircraft parts, sheet metal fabrication, professional basketball, auto finance, advertising, aluminum smelting, gear manufacturing, perfumes and printing. Before that, Mr. MacMillen and Mr. Goddard, separately or together, had looked into automobile chains, hotels, trailers, wine production, pottery, many foundries, many machine tool companies and many, many electronic concerns. Sometimes they have found an unstable market for the item produced. Sometimes they have found a stable market but a shoddy product.

Finally comes a close physical inspection of the property. Within its own family of companies Chesapeake has experts in metals and machines, paper, real estate, electronics, transportation and a dozen other fields.

On some occasions, Mr. MacMillen has found that what appeared to be an asset on paper is a liability in fact and vice versa. In the case of one plant a company asset appeared to be a government contract for the manufacture of heavy machines on huge equipment that the government itself had provided. Only by walking through the plant did Mr. MacMillen and his staff discover that, between the equipment owned by the government and the completed machines which the government might not pick up for months, no space was left for plant expansion and additional income.

On another occasion, a plant in a midwestern city seemed, on paper, to be an excellent buy. It manufactured a complicated apparatus on which the plant owner held exclusive patents. The fixed assets of the place were low, the earnings very high.

At the plant, Mr. MacMillen found a welter of inefficiency. As the production manager himself conducted the party through the plant, they could not help but notice the sloppiness of the operation. Mechanics left tools around wherever they got through with them and the manager didn't even notice. The owner of the company took them through the clerical department and they saw the office workers sitting around drinking coffee, getting no work done themselves and making it



## Let's get down to earth- Stop Building High-Cost Roads

Main roads are wearing out faster than new ones are being built. This creeping obsolescence, with its attendant high accident rate, weakens national defense, raises highway costs and jeopardizes life and property.

Backward progress is being made because, after 15 years of depression and war, a too-quick attempt was made to expand a road system designed for 20,000,000 vehicles to accommodate 53,000,000 vehicles. This was done by temporarily resurfacing old roads and by building as much new mileage as possible of inadequate, low-first-cost roads.

As you might suspect, low-first-cost roads are gobbling up more and more of available highway funds for maintenance, so they have turned out to be high-annual-cost roads. As a result a diminishing amount of highway funds is left each year for much needed new mileage.

The way to reverse this trend is to build main roads with concrete pavement. It usually costs less to build than other pavements designed for the same traffic, costs less to maintain, lasts at least twice as long. Engineers now know how to build concrete roads to last 50 years and more. Concrete roads earn much more than their cost in the gas taxes paid by drivers using them. This leaves a surplus for building desperately needed new mileage. Forward progress results.

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impossible for others to do so. It was obvious the company was making money in spite of itself, and that efficient operation could improve earnings immensely—provided this inefficiency had not reached the point of no return. In short, would a complete retraining program cause bitterness and loss of morale instead of increased production?

Mr. MacMillen looked next at the fixed assets. There was a reason for that low valuation. They had been allowed to deteriorate to the point where paint would no longer save them; a complete repair job was needed.

Chesapeake might have invested in rundown assets at a low price, or in a plant where efficient production might increase the profit margin, but not both at the same time. Even though negotiations were well along, Chesapeake stopped them.

The last stage is the bargaining, which in many respects is plain old horse trading. Here again negotiations frequently break down.

Perhaps the most frustrating experience followed the agreement, by long distance telephone, of the owner of a plant 2,000 miles from New York, to sell at "net worth." This figure, representing assets less liabilities, as shown on the seller's own balance sheet, came to \$2,600,000. It was a good buy, and Mr. Goddard flew to the western city to consummate the deal. But when the owner, a tall outspoken westerner, heard the terms, he hit the ceiling.

"Why, my plant's worth \$4,000,000 if it's worth a penny," he shouted.

That the term "net worth" has a clear definition in accountancy meant nothing to him. The net worth of his plant was what he said it was worth, no more, no less. Mr. Goddard went back to New York.

Often, in the case of one-owner plants, after all negotiations have been completed, the owner just can't go through with the sale.

"My mind says yes, but my heart says no," one owner who had spent his lifetime building the business said.

Why are so many companies on the block these days? One reason is obvious — they are not making enough money. Electronics companies in particular seem to be a glut on the market. Many started in World War II with a small subcontract, and grew rapidly right on into the electronic age during the postwar years. Now, however, the cream has been skimmed off and the owners want out.

So much for a losing concern. But why should a money-making outfit want to sell out? A big reason is the

differentiation between the capital gains tax and the income tax. It is frequently more profitable to sell out than to continue making money.

Take, for example, a hypothetical one-owner plan founded on an investment of \$10,000. Assume that the net worth of the concern today is \$500,000 and that the owner is doing a thumping business, paying himself a good salary and still making a net profit of \$100,000 a year. He probably finds this is taxed in the 90 per cent bracket with a result that, of his \$100,000 net profit, he gets only \$10,000.

If he sold out at net worth he would realize a capital gain of \$490,000—net worth less his original investment. The tax on this capital gain, at 25 per cent, would amount to \$122,500. Thus he would receive \$367,500 net after taxes, and most probably be retained at a high salary if he chose.

It would take him more than 36 years to make that much at his \$10,000 a year rate.

Another reason companies sell out



is the inheritance tax. This levy can bring disaster to a closely held company. The implications of the inheritance tax were brought home with a dramatic effect in one case with which Mr. MacMillen is familiar.

This was an aircraft supply company in California, founded, owned and operated by its president, Charles H. Babb. Mr. Babb knew the location of just about every obsolete plane in the world and had acquired a stockpile of parts for them. Mr. MacMillen's appraisers figured the value of this operation at \$15,000,000.

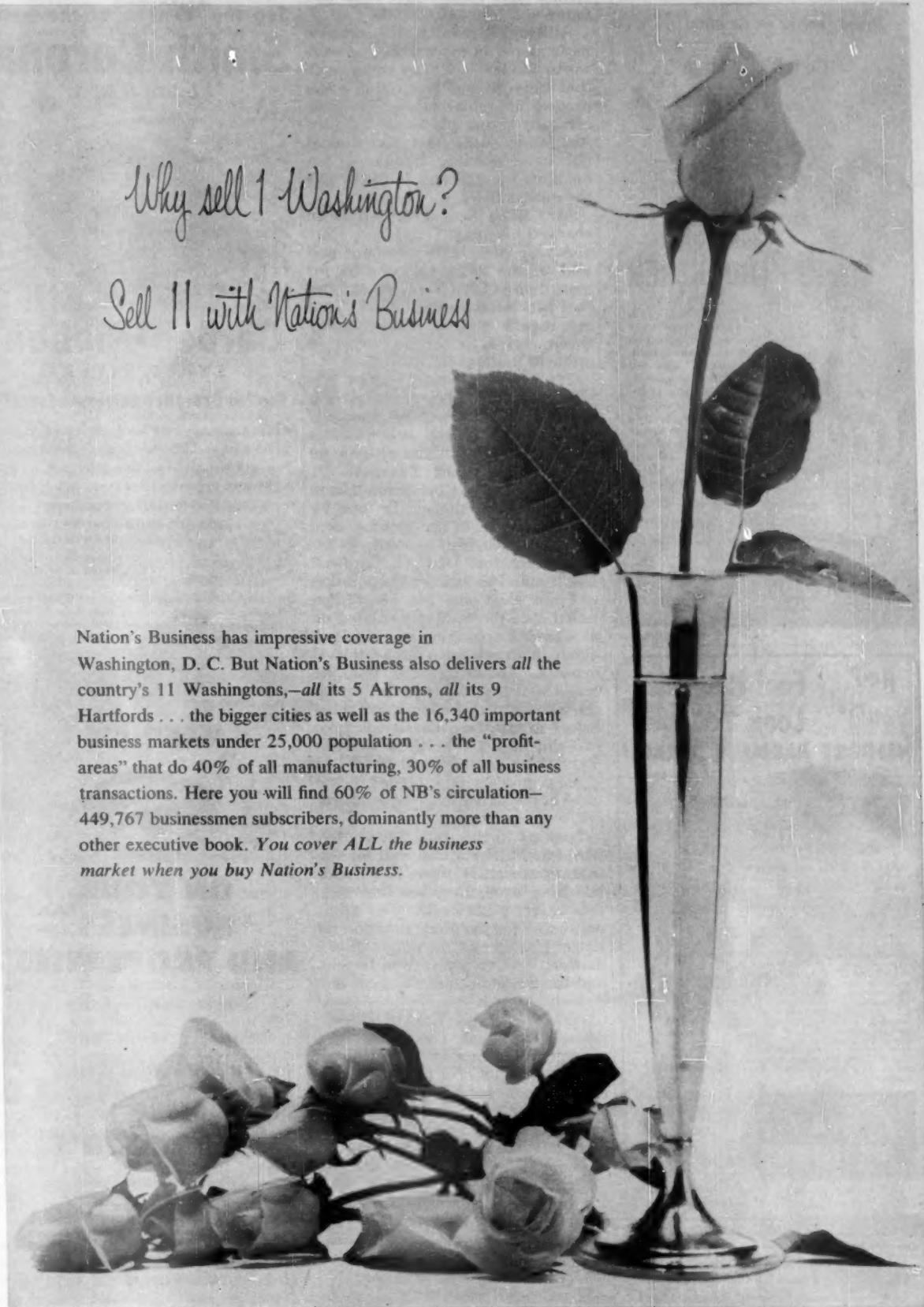
If Mr. Babb sold out he could take his capital gain and stay on as general manager of the enterprise at a high salary. If he retained possession, taxes would continue to eat up his profits. Furthermore, the possibility of his passing away has occurred to him. Although not yet 60 and in perfect health, Mr. MacMillen made certain he was insurable. And Charles H. Babb simply could not afford to die.

The federal inheritance tax alone on \$15,000,000 would amount to \$9,800,000, and in the state of Cali-

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fornia, state taxes would push that figure well over \$10,000,000.

Although the outmoded airplane parts stored in his warehouses were worth \$15,000,000, they were worth that only if and when they were needed as replacements by some company flying planes in, say, the Australian bush. Mrs. Babb could not have possibly liquidated her holdings for sufficient funds to pay the inheritance tax.

Mr. Babb agreed to sell, then changed his mind.

A year later, he reconsidered and sold to the Atlas Corporation for more than \$4,000,000. A month after that Mr. Babb dropped dead. That one month was the difference between certain bankruptcy and an estate of millions for his widow.

There are still more cogent reasons for selling. Sometimes partners disagree. Sometimes the founders pass away and the heirs fall to squabbling. Sometimes there's no squabble, just a lack of interest.

The yardsticks Chesapeake uses in appraising plants could be used by any businessman in looking over property, including his own. In investigating the Allen G. Cardwell Electronics Productions Corporation of Plainville, Conn., Mr. MacMillen noted that the company carried on a separate operation in Stamford, Conn., with extensive duplication of expense. Inquiring into this, he found that the company had set up the Stamford operation some years before to tap the color signals from experimental TV stations in New York. The company had developed a color process and needed to be close to the signal to see how its process was working out.

Looking further into this matter, Mr. MacMillen found that in the meantime signals from New York had been strengthened so that they now reached Plainville. The original reason for the dual operation no longer existed and the others didn't matter. The company was bought and the Stamford operation cut out entirely.

With this background of Chesapeake's operations, I was permitted to sit in with the company during its investigation of a potential purchase. Let us designate this concern as Company X, engaged in the distribution of heavy industrial equipment, and located in a large city west of Cleveland.

Mr. MacMillen's attention was first brought to Company X by one of the Chesapeake shareholders. The balance sheet showed its net worth to be more than \$2,300,000, its annual income less than \$200,000.

Fixed assets were listed at more than \$1,000,000, a figure completely

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out of line for the type of business Company X is in. The inventory of more than \$1,000,000 also seemed high. All in all, on the surface this hardly appeared, to me at least, to be a good investment.

Mr. MacMillen, however, sent a copy of the balance sheet to Carl W. Zies, president of the V. C. Anderson Company of Cleveland, a Chesapeake Industries property, and asked him to study it and make arrangements to inspect Company X personally. Mr. Zies read the balance sheet and prepared several questions. The list included:

What is the nature of fixed assets? Are they new or old? Why so high?

Relation of inventory to sales seems high. Why? What does inventory consist of? What is the percentage of obsolete items?

Gross sales total more than \$7,000,000. What is the break-even point—that is, below what sales figure will the company lose money? How would increased sales affect profit curve?

Arrangements to inspect the company were made by long distance telephone. Mr. Zies and I met at the airport and proceeded to Company X. It consisted of one old building,



a huge warehouse in fine shape, and a new large, four-story edifice. Mr. Zies gave his name to the receptionist and looked around the anteroom. High ceiled with floors of polished tile, it was immaculate and contained about 5,000 square feet. He shook his head in amazement. Then the company officials came out and Mr. Zies and I were ushered into a spacious, air-conditioned, walnut-paneled room, used once a month for meetings for the six-man board of directors.

Adroit questioning brought out the company's history. The founders were dead and the heirs didn't much care what happened. The main building had been built during the presidency of one of the second generation heirs, an extremely civic minded man. He had built more of a monument than a warehouse.

Management felt that gross earnings could be increased to \$12,000,000 if ownership would permit them to go after it. The break-even figure wasn't available. Rate of profit would increase appreciably with

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# Taxes concern you

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In short, you want a better tax system than the  
one we now have.

What can you do about it?

Working alone, you can do little or nothing.

But, by working through the National Chamber  
—with thousands of other business men—you  
can definitely and assuredly help improve the  
tax situation.

THE JOB takes organization. Research. Action-  
getting.

It calls for studying every aspect of the tax  
problem.

It calls for coming up with specific recom-  
mendations, and proving that the recommendations  
are sound.

It requires getting the lawmakers of the land  
to put the recommendations into effect, in the  
public interest.

AS PART of its program for a better tax system,  
the Chamber, in the months ahead, will:

1. Analyze federal tax laws and tax proposals,  
determine what provisions are bad for the  
economy, devise improvements—and let Con-  
gress know the views of business.
2. Support the Administration's economy  
measures by showing how and why budget ap-  
propriations can be cut.
3. Conduct an intensive "Economy at Home"  
campaign, urging states and communities to  
refrain from seeking federal aid.
4. Work with the Hoover Commission and  
with the Commission on Intergovernmental Re-  
lations—to streamline the Government.
5. Carry on a nation-wide educational pro-  
gram—by means of meetings, news releases,  
radio and television and publications—to build  
better public understanding of the need for  
constructive changes in present tax laws.

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## ORGANIZED EFFORT

CONGRESS this year revised the Internal Revenue Code. This was the first major revision of the basic tax law in 75 years. In dollars, the changes represent a saving of \$800,000,000 for individuals, and a saving of \$600,000,000 for firms — a total of \$1,400,000,000.

To help bring about these changes, the National Chamber worked steadily for 18 months. For instance:

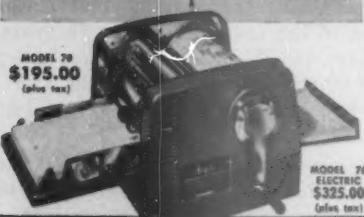
1. The Chamber recommended to the Joint Committee on Internal Revenue Taxation that a questionnaire be used — to determine what portions of the tax law were most troublesome and inequitable.
2. The Chamber distributed many thousands of copies of this questionnaire to its members — to obtain the benefit of their thinking for the Joint Committee and for its own guidance.
3. On the basis of the replies, the Chamber recommended *86 specific changes* in the law to the Joint Committee, the Treasury and Congress.
4. By invitation, the Chamber conferred many times with members of these groups.
5. The Chamber testified before the House Ways and Means Committee.
6. The Chamber testified before the Senate Finance Committee — and provided requested technical data.
7. When the Bill was before Congress, the Chamber sent Action Needed Letters to its members and affiliated organizations, asking them to express their views to Congress.
8. Throughout the period of debate in the Senate, and later when the Bill was in conference between the Senate and the House, the Chamber worked to publicize and clarify the position of business — and to urge adoption of provisions consistent with the recommendations of business.

THE INTERNAL REVENUE CODE has been revised. A step has been taken in the right direction. But the work is not over. The job of improving the tax system is an unending one. It is a job that can be done, not by any individual working alone, but only through organized effort.

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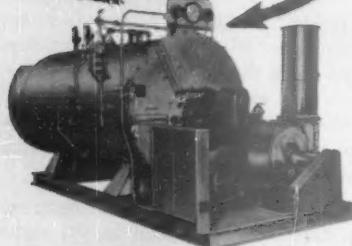
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increase of sales. The company held excellent franchises.

Then Mr. Zies toured the plant. The inventory proved on expert examination to be everything the balance sheet said it was. Items more than three years old had been written off entirely.

Mr. Zies reported his findings to Mr. MacMillen over long distance telephone the next day. He made no recommendations, simply laid the facts on the line. To me, however, he had pointed out quite candidly that on the facts at his command the thing was a white elephant he wouldn't touch with a ten-foot pole.

"But I don't know what Bill's got up his sleeve," he added pointedly.

Later in the day, I was surprised to find Mr. MacMillen jubilant over the report.

"I don't blame you for thinking I'm crazy," he said. "But the truth is I didn't tell Mr. Zies the whole story because I wanted him to look at the property with a completely open mind, and I didn't tell you because you might inadvertently have tipped him off. The fact is that at this moment I would recommend purchasing the company. Here's why: The individual who brought it to our attention has an option on it. If the deal goes through, he will retain the fixed assets, sell us everything else, lock, stock and barrel, for \$1,500,000. At that figure, Mr. Zies says it's worth it. He believes there is a good possibility of increasing the gross sales. We ourselves, through our contacts, in addition to the companies we own, may be able to add up to \$2,000,000 to those sales."

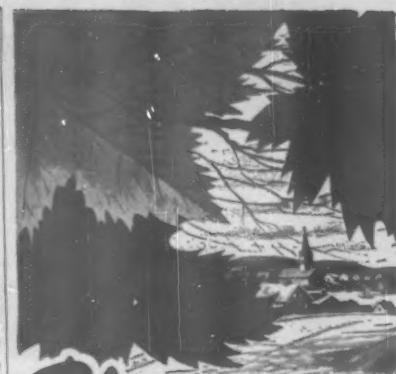
"But that white elephant of a plant . . ."

"There's more than one way to skin a cat," Mr. MacMillen said with a grin. "Those fixed assets make the whole thing possible. The balance sheet includes \$50,000 depreciation on the buildings. If we paid this in rent instead of depreciation, it would not affect earnings one way or the other, but it would save us the cash outlay."

"But what about your own stockholder, the man behind the deal? He's left holding the bag!"

"Not at all," Mr. MacMillen said. "I don't know what he will pay for the fixed assets and I'm not going to ask, but, by depreciating his property at the rate of \$50,000 a year, he will perfectly legally offset the \$50,000 a year rent. He gets \$50,000 a year, tax free!"

Mr. MacMillen paused. "I've been a lot closer than this to a lot of deals that later fell flat," he said. "But if this one does go through, then this is one way to buy a company. Simple, isn't it?"



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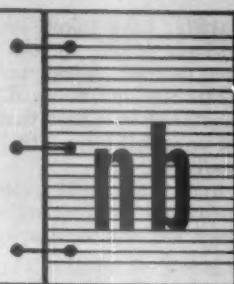
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# notebook

## Elections make business

BECAUSE so many municipalities were late in reporting their election returns in 1952, the manufacture of voting machines this year is booming at an all-time high.

Growing demands for political reforms also are reflected in the increased orders for the machines.

A spokesman for Republic Steel Corporation, which manufactures voting machines through one of its divisions, reports that this year's output will exceed 6,000 units. The division's output in 1953 was 2,500 machines.

Among new cities joining the list of major municipal users of voting machines are Houston, Texas, with 800 machines; Charleston, W. Va., with 500; Kansas City and Jackson County, Mo., with 925, and Wilmington, Del., with 315.

Voting machines are a complex device to manufacture. Each machine made by Republic Steel's Berger Manufacturing Division contains some 28,000 pieces making up 2,500 separate parts.

## Reminder saved lives

THE 21,000 employees of Caterpillar Tractor Company's Peoria plant started their two weeks' vacations on a grim note but returned to work on a happy one.

As the workers checked out for the holiday, a wrecked automobile stood beside the plant's main gate wearing a sign: "This car was driven by a man who wasn't able to take a vacation."

Plant protection and safety personnel passed out folders illustrated with scenes of auto crashes and listing the chief causes of accidents.

Apparently the strong medicine worked. When vacation was over, a check showed that, while three workers were killed in auto accidents in the course of last year's vacation, this year's holiday brought only two minor injuries.

## Management likes it

THREE years ago Wittenberg College and Springfield, Ohio, business-

men united in a cooperative "Management Development Program." They thought it might last two years.

Recently Wittenberg awarded the one thousand five hundredth certificate of completion for the course. Two new levels of instruction have been added, the course has blossomed into a state-wide attraction and is increasingly drawing more men from industries outside the state.

When it was started, the course brought full-time supervisory personnel from nearby industries to the campus for one week of concentrated training in business operations, human relations, economics and communications. Business and industry footed the bill, as they do today, spending about \$100,000 a year to support the program.

Men who took the course agreed that they had a much wider perspective on their jobs but suggested a second level that would give them a chance to review work taken in the first.

This second level was added and close on its heels came a third, designed to give the men instruction in case work and research.

Now the Management Development Program operates in 30 three-week cycles.

## Who goes for half?

ONE of the most venerable transportation jokes is about the man who boarded a train with his seven children, ordered the biggest to lie down in the seat and sat the others on top of him. He handed the conductor a ticket for himself alone.

The conductor said: "Obviously six of the children are too young to pay fare—but what about that big boy on the bottom?"

"He's under six."

The problem of who pays half fare or who doesn't pay at all is even older than the story, and as modern as the last bus run. Some 15 year olds look 12, some 11 year olds grow tall, and the age of people can't be judged by the teeth as with horses or by counting rings as with trees.

The Municipal Bus Lines, Mus-

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## Pete Progress and the community clinic

Every so often communities ought to have a regular check-up just like people. Sort of a community clinic where civic ills could be diagnosed and prescriptions suggested to stimulate recovery. Certain tests could be given to determine the state of health.

Like as not it could be staffed by fellows from the chamber of commerce. They're used to dealing with community problems. Imagine a typical town stretched out on the examining table. Probes the doctor: Have any new industries moved in? How is employment? Many new buildings? What about recreational facilities? How's fire protection? If the town's not up to par you can be sure the chamber fellows will prescribe treatment to put it in A-1 condition.



*Pete Progress speaks for your chamber of commerce, an organization dedicated to making your community a safer, healthier, pleasanter place to live and work. Every project backed by the chamber is a boost for the community.*

You can help, too—and active support of your chamber will help you

kegon, Mich., have taken steps to relieve drivers of this age-old problem. It has painted a portion of each post near its bus entrances red. Anyone whose head is higher than this red mark pays full fare. The line is 52 inches high.

What to do if a man 51 inches tall gets on eating a lollipop and wearing a beard has not come up yet.

### People are honest

RAY BLAIR, of San Diego, Calif., is so sure that people are honest that he has staked his living on it.

Mr. Blair operates the "Honor System Parking Lot," and makes money.

The lot has no attendants. The driver parks his own car and is on his honor to drop the proper fee in the coin box when he leaves. Only two or three have cheated.

Recently a customer told Mr. Blair that he had had no change in his pocket when he picked up his car "a couple of days ago."

"I felt guilty for two days," the man said, "until I came to your lot again and dropped an extra dime in the box for the hour I parked previously."

Mr. Blair hopes his idea will spread throughout the country and has put out a copyright booklet on how to operate Honor System Parking Lots.

### The best yet

THE LATEST weapon in the fight against birds roosting on buildings comes from Ed Batzner of Milwaukee. His solution: Apply a coating of heavy cup grease to their roosting places. Cup grease is slippery and, because of this, the birds cannot obtain a foothold. They slide right off your building.

His letter, offering this advice, ends with a question that we have not been able to answer: Why didn't somebody think of this a long time ago?

### Uranium made handier

THE old-fashioned prospector who set out with a burro, a grubstake and a pickax to hunt for pay dirt did not know what to do with uranium when he found it. On the other hand, the modern uranium prospector would be equally at a loss if somebody equipped him with a burro, a grubstake and a pickax. His tools are the airplane, the helicopter and the scintillometer. This last is a modernized Geiger counter which can, and often does, locate oil as well as uranium.

By the new technique, the air-

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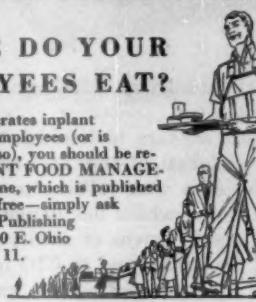
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**NATION'S BUSINESS**  
1615 H Street, N. W.  
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plane takes the scintillometer for a fast ride over an area chosen for prospecting.

The plane's speed permits coverage of a great area but prevents the scintillometer from doing more than indicating where the most promising sections are.

The instrument is then mounted in the helicopter which proceeds to pinpoint these indicated areas.

The method is developing some new language as well as new uranium. One company specializing in the service calls itself Scintillopter Surveys, Ltd.

### Newcomers feel at home

ON Nov. 28, 1950, Aiken, S. C., had 7,000 population and a reputation as the "Sports Center of the South."

That day the U. S. Atomic Energy Commission announced that its Savannah River plant would be built only a few miles away. Today Aiken has 25,000 population.

To help these newcomers feel at home, avoid useless confusions, and get acquainted with the advantages their new home town has to offer, the Bank of Greenwood, which, with some justification, calls itself the friendly bank, has published a booklet "For Your Information."

In it the bank answers questions about financial responsibility of auto owners, South Carolina property laws, insurance on household goods, taxes, schools, county health department and the Aiken Chamber of Commerce.

Included is a map of South Carolina, a map of Aiken and an interesting thumbnail history of Aiken. Naturally the bank's services are listed, too.

### And he works for nothing

THE North Carolina State Highway Patrol has figured out a way to get a job well done and still save money.

It has put Jake Gulas on the job. He works for nothing, makes no arrests, but his presence at known highway danger points is cutting down accidents.

Jake is the idea of Capt. W. F. Bailey, head of the patrol. He went to work on the much traveled highway leading into Salisbury on July 4 and did an excellent job.

Jake is a dummy. The electronic speed computer beside him in the prow car is also a dummy.

But Jake is realistic and the motorist who glimpses him sitting beside the road in a prow car gets back to sane driving in a hurry.

Even if he knows it might be Jake, he can't be sure.

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# TYRANNY UNION MADE

WHEN George III of England attempted to subject us to a jurisdiction foreign to our Constitution and unacknowledged by our laws and gave his assent to acts cutting off our trade with all parts of the world, Thomas Jefferson called the king a tyrant. Freed from England, this country attempted to set up a government under which such tyranny could not exist. Events in Dover, Ohio, suggest that this effort has failed.

In that city of 10,200 population the Reeves Steel and Manufacturing Company has long been the principal industry. It has employed between 500 and 800 men. Today those men are working part time as the company tries to spread such payrolls as it is able to provide into as many homes as possible.

The Reeves Company has labor trouble.

Not with its own employes. They are members of the United Steelworkers of America, a CIO affiliate with which the company has had satisfactory relations for 15 years. Not even with any other local union.

The company is in trouble because AFL trades union members in Cleveland and Chicago—the company's major outlets—refuse to handle the rain spouting, eaves troughs and furnace pipe which the Reeves Company makes. The reason is that these products "do not bear the union label." That is, the AFL label.

Reeves' former customers, to stay in business themselves, must now buy these materials from suppliers whose workers belong to AFL. This is another, though a somewhat different type, of the secondary boycotts that have recently plagued industry all over the country.

With its patrons thus denied the right to buy the products of their choice, its employes on reduced pay, and no sense of wrongdoing on its own part, Reeves

finds that there is apparently no relief against tyranny which bears a union label.

It dare not ask its workers to join an AFL union. That would be a violation of the Taft-Hartley Act, even supposing the men were willing to trust their working lives to a union which has demonstrated its willingness to use jobs as pawns of rivalry.

Appeals to AFL for justice and to CIO for help get nowhere. Neither does presenting the case to the Justice Department's antitrust division or the National Labor Relations Board. The Taft-Hartley Act, which affirms the CIO's hold on the Reeves plant, sought to prohibit secondary boycotts—but the provisions are full of loopholes.

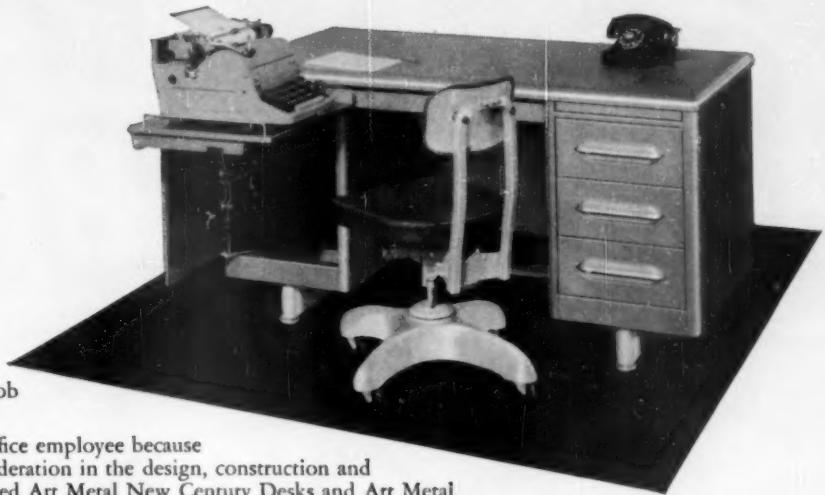
Little seems to be left but to open a plant some place where the company might find AFL workers. This would be an expense for the company, a serious economic blow to the city of Dover; and it would leave several hundred CIO members with time to ponder the validity of union promises that joining the labor movement would assure job security and better times.

It should also give businessmen, who never know when the tyranny of a secondary boycott may be invoked against them, to think of the Jeffersonian conclusion: "When a long train of abuses and usurpations, pursuing invariably the same object, evidence a design to reduce them under absolute despotism, it is their right, it is their duty . . . to provide new guards for their future security."

Revision closing the loopholes in the secondary boycott provisions is among the changes in the Taft-Hartley Act that will come before the Eighty-fourth Congress. These changes would provide new guards for future security.



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